



Annual Report and Account 2014–2015

VISIT US AT:
IWM LONDON
IWM NORTH
IWM DUXFORD
CHURCHILL WAR ROOMS
HMS BELFAST
IWM.ORG.UK

Imperial War Museum

Annual Report and Account 2014–2015

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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

We aim to:

- **Prioritise our audiences**

We will create excellent, inspiring and relevant visitor experiences. As a result, people have a deeper understanding of the causes, course and consequences of war and its impact on all of our lives. We provide excellent customer service across all of our activity.

- **Increase our financial sustainability**

We will secure our long term financial viability and create a flexible, entrepreneurial and dynamic working culture. As a result, we will build our income and financial flexibility so that we can invest in our offer. We will improve our financial performance, build our resilience and strengthen IWM.

- **Deliver effective stewardship of our collection**

We will develop and care for our collection through effective management, building expertise, maximising access and improving storage. As a result, we will ensure our collections and knowledge remain relevant and accessible for audiences now and for generations to come.

We face numerous challenges as well as opportunities and we strive to respond effectively to all of these. Our strategy is informed by, and takes account of, government priorities. We have a change programme that seeks to build our long term financial sustainability. As part of this, we have restructured our staffing model and started work to build a new, flexible and responsive organisational culture. This means that we are well positioned to build self-generated income and manage a lower fixed cost base and as such, become more financially flexible over the coming years.

3. Achievements and performance

3.1 Prioritising our audiences

Our audiences

Over the past year we have welcomed over 2.8 million visitors to our branches. Our five branches have had a hugely successful year with record-breaking attendance numbers. IWM London reopened on 19 July 2014, in time to mark the Centenary of the First World War, with innovative First World War Galleries, a redesigned atrium with new exhibitions and displays, and new and upgraded visitor facilities, all attracting significant press attention. The centrepiece of this major redevelopment work, the First World War Galleries, attracted almost 1 million visitors to IWM London in the first six months of opening alone.

At IWM North, visitor numbers have also been very healthy, increasing by 16 per cent year on year and peaking at almost 394,000 in total, a record-breaking performance. The *From Street to Trench: A World War That Shaped a Region* temporary exhibition, together with First World War Centenary related activities, proved popular and engaging with our audiences. At IWM Duxford, the airshow programme was a highlight for what has been a very successful year at the branch, while at HMS *Belfast* and Churchill War Rooms, exceptional visitor numbers have continued, with each branch achieving new records. Overall this has resulted in an increase of 20 per cent on our annual visitor number target and a 50 per cent increase year on year.

The Centenary of the First World War has had a huge and positive impact on IWM. The success of our programming and activity in engaging a very broad audience, the impact of the Centenary Partnership Programme co-ordinated by us, and the popularity and impact of the permanent digital memorial Lives of the First World War has had a profound impact on every aspect of our business. Alongside this, the first ever international touring exhibition of First World War material not seen outside of the UK, launched in Melbourne in 2015 to critical acclaim. We have built an amazing set of relationships that we will continue to evolve, we have built our brand and profile, increased our audiences both nationally and internationally, and generated additional income.

Over this period, our visitor satisfaction levels have remained exceptionally high, with the proportion of visitors likely to recommend a visit to our branches at 96 per cent. A third of our visitors are from overseas (34 per cent) and this reflects the significant contribution that we make to the economy through tourism. We have calculated that our economic impact across all our branches in terms of tourism was £129 million in 2014–15¹. The same model was used to calculate the impact of increased visitor numbers since the reopening of IWM London in July 2014. The reopening increased IWM London's economic impact to £58 million in 2014–15.

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).

our website during the year – an increase of a third on the year before, reflecting the appeal and impact of our digital offer, including much material and resource relating to the First World War Centenary. The wider range of online content and services published means that visitors are staying on our website for longer and engaging with our collections more meaningfully. Looking ahead, we will build on this success with a view to meeting and exceeding our website visit targets.

IWM visitor numbers '000s	2014–15 actual	2013–14 actual	% change year on year	2014–15 target	% change against target
Total number of visits to IWM	2,814	1,876	+50%	2,354	+20%
Total number of website visits	5,517	4,167	+32%	6,200	-3%

To note, in 2013–14 IWM London was temporarily closed whilst major redevelopment works were underway (from 2 January 2013 to 28 July 2013). The branch was closed for a second temporary period in 2014–15 (from 6 January 2014 until 18 July 2014). This accounts for some of the year-on-year variance in visitor numbers.

Our public programme

Alongside the acclaimed First World War Galleries and atrium displays, a special temporary exhibition, *Truth and Memory: British Art of the First World War*, opened at IWM London in summer 2014. The first major retrospective of British art from this period for almost 100 years, the exhibition will tour to York Museums Trust in 2016. The IWM Contemporary programme also continued with exhibitions by Mark Neville, Jane and Louise Wilson, and Hew Locke. *IWM Contemporary: Mark Neville* showcased a new body of work created by the artist in response to two months spent with 16 Air Assault in Afghanistan during 2011. *IWM Contemporary: Jane and Louise Wilson* was commissioned to mark the centenary of the First World War, and displayed the Turner Prize-nominated artists' film *Undead Sun* for the first time. *IWM Contemporary: Hew Locke*

and complements an installation by the artist on HMS *Belfast*, which opened in March 2015

Working with the Ministry of Defence, IWM's *War Story* project started in 2009. It offers British personnel an opportunity to record their role and preserve their personal accounts and experiences from Afghanistan in IWM's unrivalled national collections. In September 2014, the *War Story: Supplying Frontline Afghanistan* closed at IWM London and in October, *War Story: Afghanistan 2014* opened. This exhibition looks at the end of the war in Afghanistan through the voices and experiences of British troops, members of the Afghan National Security Forces and UK government and Non-Governmental Organisation (NGO) workers giving visitors an insight into this transitional period. Gallery talks by people featured in the displays have been offered throughout the year, with informal discussion with our visitors on their role and experiences in Afghanistan. Alongside this, a series of evening talks was delivered at IWM London.

Fashion on the Ration, a special temporary exhibition, opened in March at IWM London uncovering how fashion survived and even flourished under the strict rules of rationing in 1940s Britain. Displays of original clothes from the era, from military uniforms to

functional fashion, reveal what life was really like on the home front in wartime Britain. The exhibition explores how men and women found new ways to dress as the rationing of clothes took hold, telling a story not about the end of fashion but about creativity, innovation and coping in adversity, the impact of which can still be seen upon British style today.

The *From Street to Trench: A World War that Shaped a Region* exhibition at IWM North explored the lives and experiences of people from the North West of England during the First World War. Open from 5 April 2014 to 31 May 2015, the events programme associated with the exhibition has attracted positive feedback from visitors and generated extensive press coverage. The *Reactions14* programme has continued, including events *RedBlueRedBlue*, a 30-day war drawing of miniature toy soldiers by artist Mark Anstee to mark the First World War Centenary, and three evening performances by the Royal Northern College of Music of a piece entitled *After the Silence: Museum in the Shadow of War*, which 700 visitors attended.

IWM North successfully hosted the Asia Triennial Manchester Festival in the autumn, and in October, the team worked with the BBC Philharmonic Orchestra, the Salford Symphony Orchestra and others to produce *Services No Longer Required*, a libretto inspired by letters written by Arthur Patrick Burke during the First World War, which are held in the IWM documents archive. The performance was accompanied by a 360-degree cinematic Big Picture Show projection by Soup Collective. In November *Out of Service*, a play depicting the difficulties of returning to civilian life, written by a group of veterans in collaboration with Collective Encounters, a theatre for social change company, and the IWM North team, was successfully performed to visitors in the Main Exhibition Space. A new display *WithDraw* opened in February 2015 with artworks by George Butler specially created for the display at IWM North depicting everyday life in Afghanistan.

IWM Duxford marked Armistice Day with more than 8,000 visitors attending commemorations on Remembrance Sunday. Our offer included a popular replica First World War trench and opportunities to discover more about Lives of the First World War (see page 13 below). The 2014 Air Show season was hugely successful with close to 23,000 visitors in attendance across two days in May, the Flying Legends air show in July attracting over 28,000 visitors and finally a crowd of more than 40,000 over two days in September. A highlight was the flight of the last two airworthy Lancaster bombers. A new exhibition, *D-Day: The Last of the Liberators*, comprising a series of portraits of veterans by photographer Robin Savage, was installed in AirSpace.

At Churchill War Rooms, writer, historian and television producer, Taylor Downing, delivered the final lecture of the sell-out Churchill lecture series exploring Churchill and the 'Boffins' of the First World War. Downing considered the role of some of the scientists who worked behind the scenes during the First World War. An evening event themed around the anniversary of Churchill's birthday in November attracted 300 participants and received very positive feedback on social media. A portrait of Winston Churchill by William Orpen was received on loan from the Churchill Chattels Trust to be on display for three years in the Churchill Museum. The new Gallipoli interactive was installed in the Churchill Museum in anticipation of the centenary in April.

On HMS *Belfast* veterans, City of London Sea Cadets, and special guests attended the annual Remembrance service held on the Quarterdeck. This year HMS *Belfast* saw a

huge amount of press coverage for the 70th Anniversary of D-Day. On 20th May, a D-Day Veterans Event with ceremonial flypast took place on the decks of the ship, in the presence of Prime Minister the Rt Hon David Cameron MP and Mayor of London the Rt Hon Boris Johnson MP as well as 42 veterans.

Our learning programmes

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. Our learning programmes seek 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. In terms of the volume of learners across our branches, on-site learners have performed very well against last year and against target despite the temporary closure of IWM London.

IWM learner numbers '000s	2014–2015 actual	2013–14 actual	% change year on year	2014–15 target	% change against target
Learners in on-site educational programmes	517	433	+19%	438	+18%
Children in on- and off-site educational programmes	307	256	+20%	259	+19%

To note, in 2013–14 IWM London was temporarily closed whilst major redevelopment works were underway (from 2 January 2013 to 28 July 2013). The branch was closed for a second temporary period in 2014–15 (from 6 January 2014 until 18 July 2014). This accounts for some of the year-on-year variance in visitor numbers. However, in spite of this, learner numbers during 2014–15 have been exceptional in light of the centenary and related programming

As the table above shows, over the past year, over 517,000 learners^[1] participated in learning activities across our branches. We have offered a breadth of formal and informal learning opportunities, from new First World War programming at our branches for school groups, to informal drop-in sessions for learners of all ages.

At IWM London, *Creative Response* and *Object Conversations* activities were delivered using trollies generously funded by the Clore Duffield Foundation. Offered at weekends and during school holidays, these new sessions offer object handling opportunities and are delivered by our Volunteer Learning Interaction team. On HMS *Belfast* sessions have taken inspiration from the theme of D-Day with *Cracking Codes* on offer throughout July and September and *Tattoo T-shirts* in August. A full programme of popular activities was also delivered at IWM Duxford including a special interest day on the theme of *The First World War Uncovered* which featured lectures by Professor Gary Sheffield, Jonathan Krause and Andrew Spooner. An increase in the number of volunteers at IWM North now trained to interact with the visiting public has meant a continuing rise in participation in informal learning programmes.

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

^[1] Total child and adult learners combined

new online resources on subjects such as The Empire Called to Arms, Life in the Trenches, D-Day, Gallipoli and the Western Front. Based on feedback from teachers, our new resources use historical enquiry questions to frame the sources and suggested activities.

Our award-winning learning projects, linked to the *Transforming IWM London* project and supported by the Heritage Lottery Fund, engaged a wide range of young people and teachers. The work included *New Perspectives on the First World War*, a series of projects where young people from four different London schools have investigated lesser-known aspects of the First World War. The programme complemented topics already taught in school, provided a broader perspective of the First World War and encouraged students to share their new perspectives on our collections. It also supported teachers to find innovative ways of making the First World War relevant and engaging to young people. The project enabled schools to access original and replica artefacts inspired by IWM's unparalleled collections alongside materials from the IWM archive such as sound, photographs, documents and film. Over 100 pupils aged between 14 and 19 years took part.

Our Youth Advisers, a dynamic and proactive panel of young people aged 14 to 19 years, worked with various departments and staff across IWM, learning new skills and finding out more about the various professions and disciplines in the organisation. We have also benefited greatly from their fresh ideas and viewpoints and their invaluable role in developing the First World War Galleries, working on family captions and a trail for young people. The Young Reporters were pupils from local primary schools involved in recording the transformation of IWM London, working with radio students from Lambeth College to produce podcasts of their experience of interviewing staff about the project. The Reporters were encouraged to express their views and opinions on the project using a diverse range of reporting mediums. The legacy of all of this project work is embedded in our programmes moving forward.

Our volunteer programme

This year our volunteers have provided invaluable support to the museum with approximately 1,052 volunteers contributing an estimated 17,185 days or 103,110 hours of effort over the past year. This equates to the equivalent of over 63 full-time posts. Our volunteers provide important practical support to our operations and the delivery of a range of activities including engaging with our visitors, conservation, access, learning and wider business objectives.

IWM North has now completed the first year of its HLF-funded project *if: Volunteering for Wellbeing* volunteer programme, part of a three-year project delivered at Manchester Museum, Museum of Science & Industry (MOSI), and in partnership with several other partner venues in Manchester. This is the first major volunteer programme to measure the impact of responsible volunteering in the heritage sector on health and wellbeing and will help 225 participants (75 per year) move away from social and economic isolation or exclusion through heritage volunteering and tailored accredited training. In each recruitment phase, volunteers undergo intensive accredited training and an immersive volunteering experience in a historic and or cultural museum (or gallery) environment. Through this, the programme aims to be of deeper benefit to participants through significantly improving their social, mental and emotional wellbeing. In year one, 83 local people were recruited as volunteers and have donated 2,201 hours of their time. The

project has seen dramatic improvements in participants' state of mental and emotional wellbeing with a 39 per cent increase in wellbeing and 17 people finding employment because of the scheme².

Meanwhile at IWM London, Centenary Support Volunteers helped us welcome the huge numbers of visitors following reopening in July 2014. Fifty volunteers collectively donated 422 days of their time. At HMS *Belfast* and Churchill War Rooms, our volunteer interaction team have continued to play a central role in supporting the delivery of our informal learning programme with nearly 85,000 visitors participating in sessions with our volunteers. At Churchill War Rooms our orientation volunteers continue to provide an invaluable service for visitors at weekends. A large body of conservation volunteers continue to support major conservation projects at HMS *Belfast* and IWM Duxford.

Our volunteers have been recognised with two awards this year. The volunteer interaction team at Churchill War Rooms were highly commended entrants in the Best Team Category at the 2014 London Volunteers in Museums Awards, and our HMS *Belfast* Warship Conservation Volunteers were highly commended entrants in the Marsh Trust Awards for Historic Vessel Conservation.

The past year has seen major changes for the War Memorials Archive (WMA) with a new memorials database and website search being introduced together with additional digital support from volunteers. Thirty-two remote volunteers have also been recruited. Volunteers continue to play a vital role in the WMA achieving its goals over the First World War Centenary period and have been prioritising work on new memorial records, entering over 1,000 new records since the database was launched in November 2014. Work has also continued on developing the searchable names database, the project to make available the Bond of Sacrifice letters, and photographs in the Lives of the First World War digital memorial.

Awards

We are delighted to have been recognised in several awards over the past year.

IWM's film to promote the reopening of IWM London, *Flight of the Stories*, won the Annie Award™ for Best Animated Television/Broadcast Commercial. Created by the acclaimed Aardman Animations, alongside Johnny Fearless and IWM, the film was part of the wider marketing campaign for IWM London. The Annie Awards™ honour overall excellence as well as individual achievement in a total of 36 categories.

IWM London was also successful at the 2015 Museum and Heritage Awards with the critically acclaimed new First World War Galleries winning best permanent exhibition, and the *Transforming IWM London* Learning Projects jointly winning best educational initiative with Shakespeare Birthplace Trust. The Marketing team was highly commended for the marketing campaign for the First World War Galleries.

TripAdvisor ranked Churchill War Rooms fifth in this year's Travellers' Choice Awards for Best UK Museums.

IWM was highly commended at the care charity Vitalise's award ceremony and came joint second place with the National Railway Museum in their 'Excellence in Accessibility' award category.

² Visit <http://volunteeringforwellbeing.org.uk/> for more information

Interaction Volunteers Team representatives David Rayment and Mick Sherwood were presented with a 'Highly Commended' certificate for their efforts as volunteers by the Jewish Museum's Chief Executive Abigail Morris at the London Volunteers in Museums Awards event in September. Moreover, the volunteer interaction team at Churchill War Rooms were highly commended entrants in the Best Team Category at the 2014 London Volunteers in Museums Awards, and our HMS *Belfast* Warship Conservation Volunteers were highly commended entrants in the Marsh Trust Awards for Historic Vessel Conservation.

Art Curator Sara Bevan won the Art Fund *New Collecting* Award. It offers opportunities for curators to develop their practice with an emphasis on collecting and includes funding to support collecting for the institution as well as for professional development and mentoring.

3.2 Increase our financial sustainability

We are delivering several important projects that are designed to have deep impact with our audiences but also support us in building our financial sustainability and viability over the long term.

Transforming IWM London project

IWM London re-opened on 19 July 2014 to great acclaim. The opening event was attended by HRH the Duke of Cambridge, the Prime Minister, and many other illustrious guests. We enjoyed expansive press coverage, with the total coverage of the new, transformed museum and the First World War Galleries amounting to over 1,100 pieces, reaching nearly 640 million people.

On entering the transformed IWM London, visitors are presented with nine iconic objects, including a Harrier, Spitfire and V2 rocket suspended from above. Large architectural fins line the atrium, creating new terraces featuring more of our collection narrating key stories from the Second World War, and curated displays on contemporary conflicts since 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 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. The Galleries allow visitors to leave with a new perspective on this monumental conflict. Visitor facilities have also improved markedly with the introduction of two new cafés and four retail spaces, transforming the visitor experience. The reopening of IWM London marks the completion of the first phase of our major masterplan. The business case for change in terms of increasing market share, increasing commercial profit and reducing operational costs has been proved. We are successfully building a more sustainable branch and the next phase of development will reinforce this ambition.

First World War Centenary Partnership

IWM is a national and international focus for activity while marking the centenary of the First World War. The First World War Centenary Partnership's reach has been extensive in this first year of the centenary with 3,370 members from 54 countries now actively

involved. These are not-for-profit cultural and educational organisations, large and small, with plans to host public-facing events throughout the centenary period. Partnership members 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.

Organisations that join the Centenary Partnership via the dedicated website 1914.org are part of a professional network of relevant organisations and receive support and access to a wealth of resources authored by IWM. These resources include freely accessible centenary-related material from our collections, such as twenty new images covering a broad spectrum of life at Gallipoli released on the Partnership extranet in preparation for the Gallipoli centenary, First World War timelines, DIY exhibition kits and useful guides on subjects such as how to organise an exhibition. An evaluation framework and toolkit is available to member organisations, so by the end of the Programme, IWM and the Partnership will have an overall assessment of how well the aims of the Centenary Partnership Programme were 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.

The success of the Centenary Partnership Programme means that we have been able to build our brand and profile. This has had and will continue to impact on the number of visitors coming to IWM and our commercial performance more widely.

Lives of the First World War

Lives of the First World War is an interactive digital memorial that inspires people across the world to discover, build and share the life stories of those who served in uniform and worked on the home front. Working 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 enables people to find and piece together information about people and places of the First World War.

Lives of the First World War has over 2,111 active subscribers and more than 67,760 members to date. As part of the BBC's World War One at Home road show, IWM staff and volunteers provided 15 minute taster sessions to 16,000 people over 42 days at 25 venues around the UK during 2014. Furthermore, a significant programme of cataloguing and digitisation has taken place to build the content of the site. 'Seed' record sets and additional data sets have been added to the website, which brings the current total of Life Stories to 7,662,316. We have continued to improve the functionality of the website to make it as user-friendly as possible.

American Air Museum project at IWM Duxford

At IWM Duxford, we have started the building works associated with our major project to redevelop the American Air Museum. The project, which started in June 2011, is generously supported by the Heritage Lottery Fund and will ensure that the museum continues to be impactful for generations of visitors to come. Work has started on the redevelopment of the exhibition displays, and the new website based around the Roger Freeman Collection of photographs of the US Army Air Forces in Britain during the Second World War has been launched. The website allows the public to comment on the collection as well as add new material to the site. Extensive conservation work is being

undertaken on the aircraft and objects to be 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 third year running, the American Air Museum team at IWM Duxford hosted a residency programme for British and American teachers over two weeks in summer 2014. One of the main aims of the professional development programme is to encourage teachers to develop follow-up activities with their own classes once term resumes both here in Britain and across different states in America.

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 2014–15 we generated £5.7 million in net profit through trading activity, exceeding our annual target by 40 per cent. This is an incredibly positive result reflecting our branches' exceptional performance during the centenary period across the full breadth of commercial activities we engage with.

The implementation of IWM's Commercial Strategy focuses on the core principles that will enable us to continue to build our level of net profit and ultimately, our financial flexibility over the long term. 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.

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. During the year we initiated a Customer Relationship Management (CRM) pilot. This project is a cornerstone of the Commercial Strategy. A successful pilot, which demonstrated tangible efficiency savings and a positive impact on income through CRM, has formed the basis of planning the next phases of this long term project.

Overall, we have achieved strong commercial performance in spite of the six month closure of IWM London during 2014–15. An area of particular success is strong retail sales, largely driven by high visitor numbers at Churchill War Rooms and HMS *Belfast* and corporate hospitality has been buoyant across the branches, performing particularly well at IWM North. Other remarkable successes include Kip in a Ship on HMS *Belfast*, IWM film and image sales, and the new private tours around IWM London's First World War Galleries.

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 *Transforming IWM London* project and the completion of an additional phase of the IWM Duxford security system upgrade.

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.

In terms of our estates masterplan work, we have mapped our estate in detail to show its use, and to assess usage and maintenance priorities. This means that we can plan effectively and ensure the efficient use of our portfolio, balancing public, commercial, back of house and collections storage space.

3.3 Deliver effective stewardship of our collection

IWM Duxford North Side project

This significant capital project will be achieved over a ten-year period of phased investment from 2011–12 through to 2020–21, to ensure the long term sustainability of our stored collections and to protect the heritage values of IWM Duxford North Side. With the successful completion of building 215, we have demonstrated the benefit of using the low cost passive environmental storage principles that underpin the North Side project (as successfully applied in the South East Block Art Store at IWM London).

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 the Collections Review reached a major milestone with the completion of the initial review of all collections.

Our collections have been strengthened by some significant acquisitions, including an outstanding collection of First World War material relating to an African-Caribbean Scot who served with the Royal Scots Fusiliers, which was the first purchase using the acquisitions fund created from disposals. This year a large series of film disposals have been approved, mainly analogue film copies rendered obsolete by digital technologies, resolving both long term curatorial aspirations and supporting the needs of the North Side programme.

Collections access

We received over 83,500 collections enquiries over the course of the year with numbers being boosted by the reopening of IWM London. Our Explore History centre at IWM London is available for visitors with walk-in collections enquiries and over the course of the year, almost 60,000 enquiries were logged. Our Research Room service was maintained throughout the year, with almost 4,000 users accessing our collections for research purposes. Over 20,000 remote enquiries were handled over this period.

Moving forward, and in the context of reduced and reducing resource, we will continue to review how we manage these large volumes of enquiries. Increased digital content has seen the number of page views of our online collections search pages increase to over 3.8 million (from 3.7 million in 2013–14). We have introduced some changes to the way in which we manage online enquiries, updating our web forms and how email enquiries are processed and providing more online information to support requests for information.

Collections care

Collections documentation and digitisation programmes continue to support our public programmes and commercial activities. We have completed the digitisation of IWM's official First World War photograph collection of 'Q series' images and over 76,000 images have been catalogued. This includes more than 12,000 British official photographs of the Western Front and the British Army on the Rhine. Moving on from the success of the European Film Gateway film digitisation project, the NATO film documentation and digitisation project to digitise some 7,000 reels (1,000 hours) of the most popular films over a two to three year period, has achieved proof of concept.

Contemporary collecting

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 2009 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 Afghanistan.

Since the project began, over 1,800 soldiers and family members have registered to share their stories and there are already over 70 interviews in IWM's sound archive and over 1,000 objects, photos and films from the conflict have become part of IWM's collections. Objects on display in IWM London's atrium (close by to the display) which were collected through the *War Story* project include a Desert Hawk drone displayed opposite a Taliban motorbike to show contrasting surveillance technologies, a suicide bomber's vest and a Harrier GR9.

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.

Research

Our Research Department builds IWM's reputation as a research organisation and actively 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.

We have continued to build capacity over the year. Key activities have included the continuation of Collaborative Doctoral Partnerships (CDP), building on our track record of students contributing to work at IWM.

Following the UK premiere of the restored 1945 film *German Concentration Camps Factual Survey*, at the London Film Festival, the film has screened in Germany, the USA and Denmark and at major festivals in Jerusalem, Melbourne, Sydney and Amsterdam. These all included post-screening audience discussions led by senior curatorial staff. The film has attracted international media attention, helped by the release of a related

documentary *Night Will Fall. German Concentration Camps Factual Survey* has been prepared for general distribution during 2015.

The *Whose Remembrance* film made in 2013 has continued to inspire audiences keen to engage with the colonial history of the two world wars and screenings formed part of First World War centenary events at Brent Civic Centre and the University of Leeds. IWM has continued to be a partner in the King's College London-led HERA (Humanities in the European Research Arena) project on Colonial Encounters during the First World War. IWM was a lead partner on two academic conferences. The fifth international conference *Beyond Camps and Forced Labour* brought 120 scholars to IWM London. The *London and the First World War* conference was jointly organised by IWM and the Institute of Historical Research. A highlight was the keynote given by Professor Jerry White, the prolific historian of modern London, on the impact of the First World War in the city.

3.4 Key supporters in 2014–15

The IWM Foundation – an independent fundraising body – was established in 2010. Under the Chairmanship of Lord Rothermere, the IWM Foundation has high profile membership and HRH Prince William the Duke of Cambridge is its patron. The IWM Foundation provided invaluable support to the fundraising campaign for *Transforming IWM London* and we are very grateful for their commitment and vigour in helping us to achieve our strategic ambition.

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 Council England, National Office
BAE Systems
Barclays
BFI, awarding Unlocking Film Heritage funds from the National Lottery
Boeing
Friends of Duxford
Heritage Lottery Fund
IWM Friends
Bob and Tamar Manoukian
Old Mutual
Pears Foundation
Readers of the *Daily Mail* and the *Mail on Sunday*
Jean S and Frederic A Sharf
PZ Cussons
The Bromley Trust
The Charles Skey Charitable Trust
The DCMS/Wolfson Museums and Galleries Improvement Fund
The Eric Anker-Petersen Charity
The Europe for Citizens Programme of the European Union
The Gerry Holdsworth Special Forces Charitable Trust
The Henry Moore Foundation
The Laurence Misener Charitable Trust
The PF Charitable Trust
The Swire Charitable Trust
Westfield

Restricted funds received from IWM Foundation:

Lord Ashcroft KCMG PC
Louis Bacon
CHK Charities Limited
Mr Peter Coates
John Dodd
Sir Henry and Lady Keswick
Mr Evgeny Lebedev

Wafic Rida Saïd
The Dorfman Foundation
The Duke of Westminster (The Westminster Foundation)
The Foyle Foundation
The MacRobert Trust
The Michael Bishop Foundation
The Peter Harrison Heritage Foundation
The Reuben Foundation
The Sackler Trust
The Wolfson Foundation

3.5 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 5,299 IWM Friends members, who through subscription fees and Friends event income have contributed grants to the museum of £44,642.73³ and £10,000 over the past year. Annual subscription income has risen by 17 per cent from £115,378 to £136,077 year on year with 1,104 new members joining this year compared to 809 in 2013–14.

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 a portion of money being used to support the American Air Museum redevelopment project.

3.6 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 14 Patrons and we would like to thank them all for their support.

Dr Stuart and Mrs Clair Blackie
Mr Jeffrey and Mrs Elizabeth Boyling
Romen and Brigid Bose
Lord Black of Brentwood
Mrs Rae Byrne
Mr David Cannon
The Civil Service Club
Mr John Cummins
Lt Cmdr Paul Fletcher
Mrs Clare Jakeman
Dame Judith Mayhew Jonas DBE
Mr John Ruskin
Mr and Mrs Colin Smith OBE
Air Chief Marshal Sir Peter Squire GCB DFC AFC DL DSc FRAeS

³ *Your Country Needs You* Gift Aid refund of £4,642.73

4. Plans for future periods

Our Corporate Plan for 2015–18 lays the foundations for major development at our branches over the next decade, in particular, the continued transformation of IWM London and work to deliver a masterplan at IWM Duxford. At IWM North, Churchill War Rooms and HMS *Belfast* we will continue to deliver high quality exhibitions and programmes, focusing on target audiences for each of these branches. This means we will remain relevant to new and existing audiences, build our market share, increase our audience impact, levels of self-generated income and net profit levels, and build our brand and profile.

The Plan is based on the delivery of our strategic aims to prioritise our audiences, increase our financial sustainability and deliver effective stewardship of our collection.

4.1 Prioritise our audiences

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 of our planning to ensure that our priority audiences are considered in our programme choices.

We are thus building and developing our audiences in a targeted way. It is critical that we remain relevant and engaging to our users. Over the next year and beyond, we will continue to create excellent, inspiring and relevant visitor experiences. As a result:

- People will have a deeper understanding of the causes, course and consequences of war and its impact on all of our lives
- We will build and engage a loyal audience and supporters
- Our public offer will be dynamic and responsive to audience feedback
- We will cement our profile as an influential, internationally renowned museum through excellent product and customer service of the highest standard

In terms of public programming, our exhibitions, events and other activities will be engaging, targeted and responsive to the needs and expectations of our audiences. Highlights during 2015–16 include *Fashion on the Ration* at IWM London and *Horrible Histories: Blitzed Brits* at IWM North.

We will place heavy focus on improving customer service standards across everything that we do, ensuring that our exhibitions, services and public spaces are presented to the very highest standards. Alongside a programme of customer service evaluation and improvement, we will also implement a centralised booking and customer service centre.

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. 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.

Our digital platforms will continue to evolve, including updates to our website and continuing innovation in our learning digital resources. 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. Using evaluation, we will ensure that we are audience-led in the digital products and services that we create. The interactive digital platform, Lives of the First World War, will continue to build during the centenary period and beyond. Looking ahead, we will be working on an exciting First World War film project. Timed to mark the hundredth anniversary of the Battle of the Somme in 2016, the commission will respond to the *Battle of the Somme* film, exploring how war was presented on film and how that presentation affected perspectives at the time and now. It 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.

The coming years see the continuation of the centenary period, marking 100 years since the First World War. The Centenary Partnership Programme will continue, building on incredible success to date. The Programme sees us coordinate and present cultural and educational commemorations of the First World War that engage millions of people across the world. Looking ahead, we will develop a stakeholder strategy using clear and transparent messaging so that we create and sustain a network of influencers and supporters, securing the legacy of the Programme beyond 2018. We know that Second World War anniversaries will also be resonant to audiences in the UK and beyond and our programming and planning reflects this.

Major projects include the second phase of *Transforming IWM London*, which will see us create new Second World War galleries, an upgraded Holocaust Exhibition and a new accessible entrance. This will build on the incredible success of phase one of change and will mean that we continue to build audiences, self-generated income and the long term sustainability of the branch. 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 IWM London, will remain separate but positioned within our Second World War interpretation to ensure that it fits within the chronological visitor journey.

At IWM Duxford, 2016 will see the re-launch of the American Air Museum with a new exhibition supported by a website capturing the community and personal heritage of a wide constituent of 'virtual volunteers'. The exhibition will be people-focussed, contextual and contemporary, illustrating the central narrative of twentieth and twenty-first century world affairs. We will also start a wider masterplanning exercise at IWM Duxford, building on the role and remit work approved by our Board of Trustees in December 2014. As such, we will transform the site over the coming years, starting with the visitor centre in the welcome zone and a new hotel development. The generosity of donors and funders who support our work will make this ambition a reality. As such, we will create a long term fundraising plan to support this exciting activity across all of our branches.

Alongside this, we will focus on building and maintaining a strong network of supporters and influencers. We will continue to build on the success of our volunteer programmes so that IWM is supported by a volunteer programme that encompasses a wide range of talents and expertise and contributes in areas where resource is most impactful. Our aim is for our volunteer programmes to be widely recognised as inspiring examples 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 teams.

4.2 Increase our financial sustainability

One of our primary strategic aims is to secure our long term financial viability and create a flexible, entrepreneurial and dynamic working culture. As a result, we will build our income and financial flexibility so that we can invest in our offer. We will improve our financial performance, build our resilience and strengthen IWM.

The financial strategy continues to be to reduce our fixed costs and increase our net contribution from self-generated income. Our progress is directly linked to the commercial, financial sustainability and estates strategies agreed by our Board of Trustees. Our income targets reflect the impact of our Commercial Strategy, which continues to systematically build net profit levels across a broad range of activity.

The change programme at IWM has focused on strengthening our organisation by concentrating on the highest priorities, increasing net profit, controlling costs and effectively managing risks. Now that the structural element of the change programme is complete, we will focus on building an organisational culture that is more flexible, creative and entrepreneurial, reflecting our brand values to be courageous, authoritative, relevant and empathetic. Part of this change in culture will mean that silo working is broken down and as a corollary respect for professional skills is increased.

We will increase the breadth of skills, experience and knowledge that supports our work, for example, by developing a clear reward and recognition scheme for our staff and by encouraging more volunteers and apprentices to join and work with us. We will strengthen leadership and communication across all levels of our organisation and continue our programme of knowledge mapping and succession planning to ensure that the knowledge and expertise of our staff is captured. We will continue to look carefully at how we can modernise the way that we do business with a particular focus on quality standards in terms of both external and internal customers.

Our new Customer Relationship Management (CRM) system will revolutionise the way we deliver customer service. The system will work across, and join up, all of our audience-facing online transactions and bring major business efficiencies. It will enable us to develop more meaningful relationships with our customers, thereby deepening their levels of interaction, loyalty and propensity to spend. Continued investment in ICT infrastructure and storage will support our digital expansion.

Our Estates Strategy, linked to masterplanning across the IWM portfolio, will see us prioritise and improve the visitor experience through the effective management of our properties across all branches. We will focus on safeguarding and improving the physical conditions of our collections and estate through a proportionate, sustainable and risk-based capital investment approach. The IWM Duxford security project will bring this business-critical system up to appropriate standards. An ongoing strategic space review 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. The business case for *Transforming IWM London* was in part premised on achieving greater financial sustainability and the project has indeed successfully 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 across all of our branches.

The first ever IWM international touring exhibition launched in Melbourne, Australia in April 2015. Taking First World War material globally, and displaying many artefacts outside of the UK for the first time, this exhibition presents us with an opportunity to build our brand profile, widen access to our collections and increase revenue. This exciting project means that people around the world are able to discover our unparalleled collection. Moreover, the financial model presents very low risk to IWM, whilst bringing tremendous potential for income.

4.3 Effective stewardship of our collection

We care for an extraordinary collection of art, documents, film, photographs, books, sound and objects for generations to come. It contains the reactions, memories and stories of the whole of society. We make this collection – the scale, depth and range of which is unparalleled – accessible to our visitors and users.

Our successes provide a solid platform to build on as we continue to transform. We are committed to extending and increasing our impact as well as broadening participation. Alongside this, we are thinking about how we sustain our relevance. Crucial to this will be the delivery of our Contemporary Collecting Strategy, developing the collection so that it reflects contemporary conflict. Examples of our contemporary collecting work include the very successful *War Story* project, which started in 2009. This has seen us working in partnership with the Ministry of Defence and British service personnel involved in the conflict in Afghanistan to record their personal experiences. The sheer volume of digital material from recent conflicts provides us with an unparalleled visual and written record. Collecting tools include online uploads for soldiers, collecting workshops with units and field trips by IWM staff to Afghanistan. Four exhibitions have been produced to date using this material. In the future, we will be expanding this programme to cover other conflicts in other countries.

We will continue the Collections Review process which began in 2010. We have a more sustainable and dynamic collections management approach, strategically shaping our collection by identifying key acquisitions, managing the targeted disposals programme, and progressing art commissioning. A key part of the programme is the sharing of knowledge about the collections for staff to make best use of our diverse collections through the development of exhibitions, online content and commercial products and services.

In developing and caring for our collection, we will ensure that it remains relevant and accessible for audiences now and for generations to come. We will continue to work towards having fully accessible and accountable records and images of our collection so that we can maximise the value of these assets. We will also continue to address the backlog in collections documentation, progress digitisation activity and invest in conservation programmes. The IWM Duxford North Side collections storage project will see further investment in our phased programme to transform facilities at the branch and

increase the proportion of collections stored in the correct environmental conditions. As a result of this work, we will ensure our collections and knowledge remain relevant and accessible for audiences now and for generations to come.

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 57.

Net incoming resources, after depreciation but before revaluation changes, were £3.770 million for this year. This compares to net incoming resources of £11.650 million in the previous year, a change of £7.880 million.

The largest reason for this difference is the reduction in Grant-in-Aid funding of £5.405 million year on year. This arises chiefly because of the clawback of funds provided as additional resource two financial years ago. The effect of this is on both unrestricted and restricted income.

The net unrestricted funds generated for the year have moved from a net surplus of £1.340 million to a net deficit of £0.571 million, a decrease of £1.911 million. If the impact of the reduction in Grant in Aid is removed the performance shows a net surplus of £1.589 million in this financial year. This is after providing for the costs of the Change programme in year.

Self-generated income has been successful, increasing 37 per cent year on year; income from admissions at the charging branches increased by 10 per cent. There were record visitor numbers at both Churchill War Rooms and HMS *Belfast*.

The overall profit from trading activities has seen an increase of just over double year on year. This excellent performance has been driven in part by visitor numbers although success has been achieved across the broad spectrum of activities, including corporate hospitality, Kip in a Ship, private tours, collections licensing and publications.

Overall the level of funds carried forward at 31 March 2015 increased by £7.341 million in comparison to an increase of £16.665 million in the previous year.

The IWM London Regeneration project was completed during the financial year. Income to fund the project is accounted for as restricted income in the Statement of Financial Activities as this is due. The associated expenditure on the project, the majority of which is capital in nature, is accounted for as an addition to Fixed Assets on the Balance Sheet and will be depreciated over the respective useful lives of its constituent parts. The impact of the project on the Balance Sheet, including revaluation, is to increase the net book value of the IWM London branch from £51.5 million to £81.4 million. DCMS have provided a loan facility of £2 million, under the Museum's Freedoms Scheme, for cashflow purposes. This is repayable over 5 years.

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 2015.

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 2014–15 was 81 per cent (80 per cent in 2013–14).

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)	2014–15	2013–14	% change
Access			
Number of visits to IWM (excluding corporate hospitality guests and virtual visitors)*	2,814	1,876	50%
Number of unique website visits	5,517	4,167	32%
Audience profile			
Number of visits by children under 16 visiting IWM	617	513	20%
Number of overseas visitors	957	691	38%
Learning and outreach			
Number of facilitated and self-directed visits to IWM by children under 18 in formal education	177	152	16%
Number of instances of children under 18 in on-site organised activities	162	128	27%
Visitor satisfaction			
Percentage of visitors who would recommend a visit	96%	98%	-
Income generation			
Admissions income (gross)	£8,837	£8,011	10%
Trading net profit	£5,720	£2,824	103%
Fundraising income**	£18,950	£20,102	-6%
Regional engagement			
Number of UK loan venues (<i>exact number reported</i>)	183	119	54%

* In 2013–14 IWM London was temporarily closed whilst major redevelopment works were underway (from 2 January 2013 to 28 July 2013). The branch was closed for a second, temporary period from 6 January 2014 until 18 July 2014. This accounts for some of the year on year variance in visitor numbers.

** Fluctuation in fundraising is primarily attributed to the *Transforming IWM London* and American Air Museum project fundraising campaigns

6. Human resources policies

Our Human Resources (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. As part of the change programme, the HR team has played a significant role in implementing a new organisational structure and supporting management and staff during redundancy consultations.

We 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 2015, 0.7 per cent of our staff considered themselves to have a limiting disability. With regard to diversity, 1.5 per cent of staff surveyed were from a black or minority ethnic group. On average (over the period), our workforce was made up of 45 per cent male and 55 per cent female employees.

The total number of staff sick days has averaged at 1.01 days for 2014–15 compared to 1.44 days for 2013–14. This falls below the public sector average and meets the UK average.

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. As part of the change programme, we are reviewing how this work is undertaken in the future to ensure maximum impact and efficacy.

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 work 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 2014–15.

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

We have focused heavily on the *Transforming IWM London* project over the course of the year. The completion of the project in July 2014 saw a huge surge in visitor numbers which has impacted on water consumption. Operational and maintenance costs have reduced as the project tackled a substantial volume of legacy infrastructure and plant maintenance issues which have built up over many years. We have replaced existing high energy consuming elements with modern, high efficiency elements, such as LED lighting. This project is a partial refurbishment of a historic building and as such, used a bespoke benchmarking model, using elements of BREEAM (a recognised environmental assessment method and rating system for buildings) as well as other assessment methods. We achieved a 'very good' rating in our assessment. This reflects our progress in terms of project design, maintenance, management and stakeholder engagement from effectively managing acoustic performance to monitoring lighting, implementing an appropriate cleaning policy, condition surveying and thermal zoning.

Across our other branches, we continue to pursue sustainable initiatives as budget and resource allows, sharing good practice wherever possible. At IWM North the team continue to work with the Green Tourism Business Scheme to ensure that regular audits are in place to monitor progress. Progress to date includes upgrading our lighting scheme to LED, increased use of motion sensor lighting, installation of low-flow taps to effectively manage water consumption, 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.

7.2 Exhibition programme

In all our exhibition fit outs, we recycle and reuse equipment and building material wherever possible. All timber bought for our exhibitions is 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 per cent of the Special Exhibition Gallery now 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.

7.3 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	2014–15 actual	2013–14 actual	% change year on year	2012–13 actual
Scope 1: total emissions (CO ₂ e)	6,861	6,271	9%	7,490
Scope 1: emissions from combustion boilers (CO ₂ e)	1,117	1,675	-33%	1,196
Scope 1: emissions from air conditioning units (CO ₂ e)	n/a	n/a	n/a	n/a
Scope 1: emissions from organisation-owned fleet vehicles (CO ₂ e)	50	60	-17%	56
Scope 1: related gas consumption (CO ₂ e)	851	581	46%	947
Scope 2: Energy consumed (kWh) electricity, gas and oil consumption combined	18,384	16,862	9%	20,987
Scope 2: purchased heat, steam and cooling (kWh)	nil	nil	nil	nil
Scope 3: emissions from business travel (CO ₂ e)	n/a	n/a	n/a	n/a

An increase in our levels of energy consumption overall, a 9 per cent increase on last

year, and gas consumption, a 46 per cent increase year on year, is due to IWM London reopening and an increase in commercial and corporate event activities.

Greenhouse gas emissions Financial expenditure '000s	2014–15 actual	2013–14 actual	% change year on year	2012–13 actual*
CRC Energy Efficiency Scheme*	£127	£81	57%	£95
Carbon offset purchases	£81	£95	-15%	£101
Scope 1: expenditure of emissions from organisation-owned fleet vehicles (gross)	£24	£30	-20%	£28
Scope 2: expenditure of energy consumed (kWh) electricity, gas and oil consumption combined	£1,439	£1,282	12%	£1,375
Electricity expenditure	£1,188	£1,035	15%	£1,009
Gas expenditure	£251	£248	1%	£366
Scope 3: Total expenditure of official business travel (subdivided below)**	£179	£176	2%	£172
Air travel	£8	£2	300%	£1
Rail and underground	£107	£97	10%	£94
Bus or coach	£3	£11	-73%	£10
Hire car or taxi	£18	£26	-31%	£25
Private vehicle	£43	£43	0%	£42

* Figure for 2013–14 amended to show actual (to replace estimated accrued figure published in Annual Report and Account 2013–14).

** Note that in 2012–13 budget splits for the different modes of business travel were not in place and data are not available. For reporting purposes, ratios were applied to the total business travel using 2013–14 data.

7.4 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 and reintroduced composting of food waste to turn it into biofuel when the branch reopened to the public in July 2014, (it is accounted for in the recyclable waste). In 2014–15, IWM London started to dispose of the waste generated at events for the first time as part of the new events and catering contract with Peyton and Byrne. We are working to introduce operational targets for waste minimisation, identifying achievable areas for future improvement. The fluctuation in waste disposal and expenditure between over the 3 year period reflects the impact of temporary closure periods at IWM London and the reopening of the branch in July 2014. The water figures have been restated for 2013–14 and 2012–13 due to a factoring error in the meter reading. Water usage increased in 2014–15 due to the reopening of IWM London and a water leakage at IWM Duxford.

Waste minimisation and finite resource consumption '000s	2014–15 actual	2013–14 actual	% change year on year	2012–13 actual
Total standard waste arising (tonnes) *	531	303	75%	310
Waste sent to landfill (tonnes)*	21	13	62%	7
Waste recycled or reused (tonnes) *	234	125	87%	82
Composted waste (tonnes) *	9	6	50%	0
Percentage of waste recycled and composted *	46%	43%	6%	27%
Waste incinerated to convert to energy (tonnes)*	268	160	68%	221
Average waste produced per annum per visitor and full time equivalent staff (kilograms)*	0.19	0.28	-32%	0.22
Average waste recycled or composted per annum per visitor and full time equivalent staff (kilograms)*	0.08	0.12	-33%	0.06
Finite resources, water (in cubic metres / m ³)**	48	40	20%	38

Note: The figures reported above exclude organisational waste attributed to the *Transforming IWM London* project, as this waste was 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 our current contractors.

** The water consumption figure above excludes Churchill War Rooms and HMS *Belfast* as the data is not currently available.

Waste minimisation and finite resource consumption Financial expenditure '000s	2014–15 actual	2013–14 actual	% change year on year	2012–13 actual
Total expenditure on waste disposal	£73	£60	22%	£72
Expenditure of waste sent to landfill	£3	£3	0%	£2
Expenditure of waste recycled	£32	£25	28%	£19
Expenditure of waste incinerated	nil	nil	nil	nil
Expenditure of waste composted	£1	£1	0%	nil
Expenditure of waste converted to energy	£37	£32	16%	£51
Expenditure of water supplied	£104	£106	-2%	£72

7.5 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.

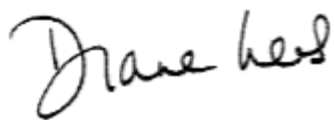
7.6 Print buying policy

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.



Sir Francis Richards KCMG CVO DL
Chairman of the Trustees

Date 12 October 2015



Diane Lees CBE 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 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 2014–15. The audit fee in respect of this work was £39,000.

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 (to 30 November 2014)
Diane Lees CBE
Catharine Pusey

8.5 Director-General and Accounting Officer

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

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 (to 30 November 2014)

Bronwen Maddox* (to 30 September 2014)

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

Dr Jonathan Watkins

Mr Peter Watkins

Admiral The Lord West of Spithead GCB DSC PC ADC (to 30 June 2014)

Sir Nick Williams

His Excellency The Hon Alexander Downer (High Commissioner for Australia)

His Excellency Mr Gordon Campbell (High Commissioner for Canada)

His Excellency Mr Ranjan Mathai (High Commissioner for India) (from March 2014)

His Excellency The Hon Sir Alexander Lockwood Smith (High Commissioner for New Zealand)

His Excellency Syed Ibne Abbas (High Commissioner for Pakistan)

His Excellency Obed Mlaba (High Commissioner for South Africa)

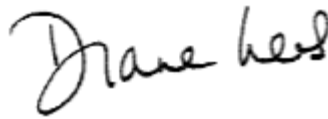
His Excellency Dr Chris Nonis (High Commissioner for Sri Lanka) (to 30 September 2014)

* *Members of the Trustees' Audit Committee*



Sir Francis Richards KCMG CVO DL
Chairman of the Trustees

Date 12 October 2015



Diane Lees CBE 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 2014-15 or 2013-14. Pay rises were capped at 1% for all Directors in 2014-15. 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 2015 were as follows:

Single total figure of remuneration										
	Salary* (£'000)		Bonus payments (£'000)		Benefits in kind** (to nearest £100)		Pension benefits (£'000)		Total (£'000)	
	2014- 15	2013- 14	2014- 15	2013- 14	2014- 15	2013- 14	2014- 15	2013- 14	2014- 15	2013- 14
D Lees Director General	140- 145	140- 145	17	10	Nil	Nil	38	20	195- 200	170- 175
J Card Director of Business & Governance	90- 95	90- 95	Nil	Nil	Nil	Nil	19	13	110- 115	100- 105
A Stoneman Acting Director of Duxford & Director of Corporate Services	90- 95	90- 95	Nil	Nil	Nil	Nil	99	15	190- 195	105- 110

For 2014-15 and 2013-14, Ms Lees was provided with an accommodation allowance of £10,600, the amount of which is included in the salary figures 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.

During the year, one compensation payment of £266,501 was accrued for the Acting Director of Duxford and Director of Corporate Services, his agreed last date of service being the 10th April 2015. Retrospective approval for the payment of this amount was given by the Cabinet Office on Monday 7th September.

In addition, compensation payments were made to three other Senior Managers (one in 2013/14) during the year which are also included below in the table under 9.6. 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 2014-15 or 2013-14. Travel and subsistence expenses paid to six Trustees amounted to £5,453 (2013-14; £2,684).

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 under the Principal Civil Service Pension Scheme. 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 31/3/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/15	CETV at 31/3/14	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 increase in lump sum of nil	522	465	26	-
J Card Director of Business & Governance	20-25; plus lump sum of 65-70	0.25; plus increase in lump sum of 2.5-3	486	444	17	-

A Stoneman * Acting Director of Duxford & Director of Corporate Services	40-45; plus lump sum of 130-135	2.5-5; plus increase in lump sum of 12.5-15	878	754	85	-
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*The CETV for A Stoneman as at 31/3/14 has been revised from £792k to £754k, due to an error in the data submitted to the pension administrators for 2013-14.

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.

	2014-15	2013-14
	£'000	£'000
Band of highest paid director's total remuneration	160-165	150-155
Median total remuneration	£25,076	£23,218
Ratio	6.48	6.57

The banded remuneration of the highest-paid director in IWM in the financial year was £160,000-£165,000 (2013-14, £150,000-£155,000). This was 6.48 times (2013-14 – 6.57) the median remuneration of the workforce, which was £25,076 (2013-14, £23,218).

In 2014-15, no employees (2013-14, 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)	nil (1)	nil (1)
£10,000–£25,000	nil (nil)	7 (3)	7 (3)
£25,000–£50,000	nil (nil)	7 (2)	7 (2)
£50,000–£100,000	nil (nil)	9 (4)	9 (4)
£100,000–£150,000	nil (nil)	nil (nil)	nil (nil)
£150,000–£200,000	nil (nil)	nil (nil)	nil (nil)
£200,000–£250,000	nil (nil)	nil (nil)	nil (nil)
£250,000–£300,000	nil (nil)	1 (nil)	1 (nil)

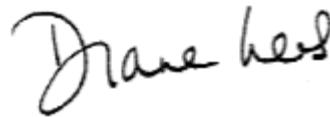
Total number of exit packages	nil (nil)	24 (10)	24 (10)
Total resource cost / £	nil (nil)	£1,250,515 (£247,285)	£1,250,515 (£247,285)

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 the early departures being agreed. 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. Included in the exit costs above are redundancy compensation, top-up compensation to buy out the actuarial reduction on pension, PILON (Payment In Lieu Of Notice, salary part) and CILON (Compensation In Lieu Of Notice, pension part).



Sir Francis Richards KCMG CVO DL
Chairman of the Trustees

Date 12 October 2015



Diane Lees CBE 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:

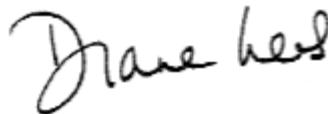
1. Observe the accounts direction issued by the Secretary of State and the Government Financial Reporting Manual, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
2. Make judgements and estimates on a reasonable basis;
3. State 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 CBE, 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

Date 12 October 2015



Diane Lees CBE FMA FRSA
Director-General and
Accounting Officer

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 public sector 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.

Three Trustees retired from the Board during 2014–15: Admiral the Lord West, Professor Sir Miles Irving and Bronwen Maddox. In succession, Rear Admiral Amjad Hussain was appointed a Trustee from 1 February 2015 and Tamsin Todd and Matthew Westerman joined the Board on 1 April 2015.

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, Art Commissions Committee and Remuneration 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. Membership of the Committee normally comprises four, but not fewer than three members of the IWM Board with skills and experience appropriate to the role. For part of this year actual membership was reduced to three following the departure from the Board of Ms Maddox; the task of finding a fourth member is in hand. Additionally, the Terms of Reference – which are reviewed annually by the Committee and the Board of Trustees – allow for the appointment of co-opted members. Currently there is one such member.
- The Regeneration Trustee Committee was established in 2010 to support the Board in its oversight of the *Transforming IWM London* project. During the course of the project the committee provided assurance to the Trustees that the programme of work was implemented within agreed parameters and in compliance with the Office of Government Commerce guidelines. It also carried out a regular review of the project risks. The Committee was stood down in December 2014 following completion of the first phase of the project.
- 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) operated as an executive decision making body which, in the context of our corporate governance model, led on strategic planning, approved the allocation of resource and monitored progress against our Corporate Plan. SMT was responsible for the ratification of key areas of IWM policy and process, prior to presentation to the Board for final approval. It maintained an overview of the compliance and regulatory systems of IWM and regularly reviewed the strategic risk register. Information from Board meetings and audit reviews were disseminated to SMT.

SMT Boards were 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 provided a strong strategic steer for the development of our Corporate Plan, our public programme, major projects and workforce development. Recommendations from SMT Boards were reviewed and approved by the wider SMT body and the Board of Trustees as appropriate.

As a result of the change programme, IWM has restructured its staffing model and this has included substantial change at senior management level. Governance has also been reviewed as part of this process and from April 2015, the executive, decision-making function performed from SMT transferred to a new group – the Executive Leadership Team (ELT). This group is chaired by the Director-General and comprises the Executive Directors of the three newly formed corporate divisions. Two of these posts will be recruited during the course of 2015–16. The Change Director is with IWM on a fixed term appointment and for the duration of this, will be a member of the ELT.

11.3 Annual review

11.3.1 Audit Committee

Over the course of the year, the Audit Committee has carried out regular reviews of the organisation's strategic risk register and the project risk registers for *Transforming IWM London* and the IWM Change Programme. The Internal Audit strategy for 2015–16 was approved and the progress of internal audits for the current year, as well as outstanding recommendations from prior audits, have been monitored. Annual assurance from IWM Duxford's Flight Safety Committee and the Health and Safety Annual Report were received and the IWM's Annual Report and Account were approved. As part of their review of security procedure, the Committee received a copy of the IWM Government Security Framework submission to DCMS and was briefed by the Head of Security on the risk based approach to physical security provision. An *in camera* meeting between Committee members and representatives of external and internal audit takes place annually. 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 IWM's Corporate Plan 2015–16 and the Annual Report and Account for 2013–14, and number of acquisitions for the collection with a value above £100k. It monitored financial performance and progress against the Corporate Plan 2014–17 throughout the year and regularly reviewed progress on IWM's capital

projects, most notably the *Transforming IWM London* project and the First World War Centenary project. In addition it 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 Estate Strategy
- Vision, role and remit of IWM Duxford
- Options for the development of IWM North
- The overarching approach of the IWM Change Programme
- Contemporary Collecting Strategy
- The second phase of *Transforming IWM London*

The Board held its annual Away Day in February when Trustees carried out their annual effectiveness review (see S 11.3.5) and heard from the Director-General about plans and priorities going forward.

11.3.3 Quality of data provided to the Board

In terms of the quality of information presented to the Board, performance and financial data provided 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 reported 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 76 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
Lord Ashcroft	75%
Lord Black	100%
HE Gordon Campbell (or representative)	100%
HE The Hon Alexander Downer	100%

Trustee	Attendance
HE Syed Ibne Abbas (or representative)	0%
Professor Sir Miles Irving	100%
Lt General Sir John Kiszely	100%
HE Sir Alexander Lockwood Smith (or representative)	100%
Ms Bronwen Maddox	100%
HE Ranjan Mathai (or representative)	75%
Dame Judith Mayhew Jonas	100%
HE Mr Obed Mlaba (or representative)	0%
HE Dr Chris Nonis (or representative)	50%
ACM Sir Stuart Peach	75%
Sir Francis Richards (Chair)	100%
Sir John Scarlett	75%
Professor Sir Hew Strachan	100%
Dr Jonathan Watkins	50%
Mr Peter Watkins	50%
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 95 per cent.

Committee Member	Attendance
Sir John Kiszely	100%
Ms Lynn Krige (co-opted)	75%
Ms Bronwen Maddox (to Sept 2014)	100%
Dame Judith Mayhew Jonas	100%
Sir John Scarlett (Chair)	100%

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

Committee Member	Attendance
Dame Judith Mayhew Jonas (Chair)	100%
Sir Nick Williams	50%
Mr Mike Griffiths (co-opted)	100%
Mr Tony Halmos (co-opted)	100%
Ms Lynn Krige (co-opted)	50%

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

Committee Member	Attendance
Jonathan Watkins (Chair)	100%
Kate Bush	100%
Katrina Brown	50%
Graham Gussin	50%
Diane Lees CBE	100%
Kathleen Palmer	100%

11.3.5 Board effectiveness review

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

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

The 2015 review found that the Board was effective in all areas, with no significant weaknesses. Improvements were recorded since the previous review in understanding and reflecting the views of the museum's stakeholders and in forward planning for Board agendas. The diversity of the Board continues to pose the greatest concern to Trustees. At their away day in February 2015, Trustees concluded that the change programme and organisational restructure; IWM London Masterplan phase 2; and Holocaust Commission

proposals would make up the primary strategic discussion points for the year ahead.

11.3.6 Compliance with the Corporate Governance Code and other good practice

The Board has adopted and complies with its own Corporate Governance Code which brings together the powers and responsibilities recorded in legislation, regulations laid down by the Charity Commission and applicable elements of recommended good practice from HM Treasury, including *Corporate Governance in Central government departments*. The IWM Code sets out the Board of Trustees' specific statutory obligations under the IWM Acts of 1920 and 1955, the Charities Acts and the Museums and Galleries Act 1992, as well as the accountability and responsibilities determined by the Management Agreement with DCMS. Through the provisions of its own Code, the Board complies also with the principles laid out in HM Treasury's Code in respect of accountability, effectiveness and risk management. However there are certain principles in that Code which are not applicable to the Museum's Trustees.

11.4 Internal accountability mechanisms

11.4.1 Executive managers

At branch and divisional level, Directors, senior managers and their management teams regularly reviewed 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 was to provide assurance to the Director-General, 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, senior managers and budget holders on a monthly basis. It is the Director and Assistant 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 and Assistant Directors supporting and supplementing their findings via a formal, quarterly return. This system has now been in place for a full financial year and will be reviewed during the next financial year to reflect the new staff structure and to ensure that the checks are relevant and effective.

Branch Directors are requested to sign 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. Related party transactions are declared and recorded within the Annual Account under note 22.

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 nine strategic risks⁴.

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 nine 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 was reviewed by SMT and reported for approval to the Audit Committee annually. SMT determined whether our overall risk profile is commensurate with our risk appetite. This role will be performed by ELT moving forward.

11.5.1 Risk profile

Responses to emerging issues as they relate to IWM's highest 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. The implementation of our strategic change programme has seen a reduction in fixed costs and we are also seeing an increase in income through the delivery of our commercial strategy. However, 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 overall residual risk rating for 'inefficient and outmoded infrastructure' has been increased to reflect the fact that our current funding provision only addresses immediate and highest priority challenges. However, our strategic change programme will create greater investment capacity over the long term so that we can invest further in the upkeep of our estate and infrastructure.
- The risk around 'staff motivation and productivity being low' has been raised to a higher level to reflect the impact of the change programme. This is the first time that IWM has undertaken such comprehensive and far-reaching structural change and its impact is being closely monitored with support mechanisms in place for all affected

⁴ The number of strategic risks was reduced from ten to nine during the course of the year following the closure of the risk relating to the *Transforming IWM London* project

staff. A six month review of the new structure, which has been in place since April 2015, will provide an important milestone and together with the cultural change programme, which will embed new ways of working over the coming months, this risk position will improve in the medium term.

- The risk around 'significant business interruption' has been raised to reflect the heightened terrorism threat in the UK and internationally at present. Mitigating actions by IWM include regular updating and testing of our business continuity planning regime as well as ongoing investment in our infrastructure and systems to support this. Longer term, the change programme and major capital investment projects will help us to develop a sustainable financial operating model. This will strengthen our capacity to respond to this risk.

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 nine 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 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. Information Management audits are undertaken by the Museum Archive as part of IWM's management check process and these cover departmental compliance with IWM's Information Security Policy. IWM has a Data Protection BCS qualified member of staff. No data breach or data loss 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).

11.5.4 Funding context

Our current four year funding agreement with the DCMS has seen resource grant-in-aid reduced significantly 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 delivered structural change to reduce fixed costs and expenditure budgets, while our Commercial Strategy will build our long term financial sustainability. In terms of

performance, we are achieving overall self-generated income targets and continue to control expenditure. Of our total operating income, over 60 per cent is now self-generated.

11.5.5 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 strategic risks. Investment has been allocated 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 2014–15. 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.

11.7 Assurance Statement by the Audit Committee

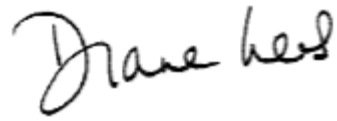
The Audit Committee are reasonably confident that the reliability, integrity, quality and comprehensiveness of the assurances provided by the IWM's internal and external auditors, and by management, are presently sufficient to support the Board and Accounting Officer in their decision making and in the 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. Except for the matter below, no significant internal control issues have arisen over the course of the past year.

It is noted in the Remuneration Report that retrospective approval was given by the Cabinet Office for a compensation payment accrued at the year end. Although relevant discussions had taken place the Museum did not follow proper process and entered into a commitment with an individual without the necessary approval. Procedures have been strengthened within IWM. In addition the Department has issued new instructions which will ensure that such an instance will not reoccur. Approval for the payment was achieved subsequently. However delays in receiving this meant that IWM was not able to meet its target of laying its Annual Report and Accounts in Parliament before the summer recess.



Sir Francis Richards KCMG CVO DL
Chairman of the Trustees

Date 12 October 2015



Diane Lees CBE FMA FRSA
Director-General and
Accounting Officer

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

I certify that I have audited the financial statements of the Imperial War Museum for the year ended 31 March 2015 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cashflow 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 Museum's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Imperial War Museum; 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.

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 Museum's affairs as at 31 March 2015 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 the Achievements and Performance, Financial Review, Environmental Sustainability Report, and the Reference and administrative details of the charity, the Trustees and advisers sections of the Annual Report 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

Date 23 October 2015

Comptroller and Auditor General

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

IMPERIAL WAR MUSEUM ACCOUNT 2014-15

Consolidated Statement of Financial Activities for the year ended 31 March 2015

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2015 £'000	Total 2014 £'000
Incoming resources					
<u>Incoming resources from generated funds</u>					
<u>Voluntary income</u>					
Grant-in-Aid	2a	14,598	1,240	15,838	21,243
External funds	2b	1,425	12,964	14,389	15,499
Lottery funding		-	4,059	4,059	4,542
Donated objects and services		-	502	502	61
		<u>16,023</u>	<u>18,765</u>	<u>34,788</u>	<u>41,345</u>
<u>Activities for generating funds</u>					
Income from commercial activities	13	9,914	-	9,914	7,102
Fees		1,755	251	2,006	1,492
Royalties	13	1,264	-	1,264	1,019
Disposals of assets		26	3	29	6
		<u>12,959</u>	<u>254</u>	<u>13,213</u>	<u>9,619</u>
Investment income	3	30	1	31	68
		<u>29,012</u>	<u>19,020</u>	<u>48,032</u>	<u>51,032</u>
<u>Incoming resources from charitable activities</u>					
Admissions		8,837	-	8,837	8,011
Total incoming resources		<u>37,849</u>	<u>19,020</u>	<u>56,869</u>	<u>59,043</u>
Resources expended					
<u>Costs of generating funds</u>					
Fundraising and publicity		2,874	1,210	4,084	2,986
Commercial costs	13	5,568	499	6,067	5,089
		<u>8,442</u>	<u>1,709</u>	<u>10,151</u>	<u>8,075</u>
<u>Charitable Expenditure:</u>					
<u>Cost of activities in furtherance of the charitable objectives</u>					
Education, exhibitions and visitor services		15,204	5,014	20,218	17,446
Building care and preservation		8,278	5,625	13,903	13,847
Collections management and conservation		7,371	614	7,985	7,078
Grants	14	-	463	463	587
Purchases for the collection		65	15	80	38
		<u>30,918</u>	<u>11,731</u>	<u>42,649</u>	<u>38,996</u>
Governance costs	5	298	1	299	322
Total resources expended	5	<u>39,658</u>	<u>13,441</u>	<u>53,099</u>	<u>47,393</u>
Net (outgoing)/incoming resources before transfers		<u>(1,809)</u>	<u>5,579</u>	<u>3,770</u>	<u>11,650</u>
Gross transfer between funds	18	1,238	(1,238)	-	-
Net (outgoing)/incoming resources before recognised gains and losses	4	<u>(571)</u>	<u>4,341</u>	<u>3,770</u>	<u>11,650</u>
Gains on revaluation of fixed assets		322	3,249	3,571	5,015
Net movement in funds		<u>(249)</u>	<u>7,590</u>	<u>7,341</u>	<u>16,665</u>
Reconciliation of funds					
Fund balances brought forward at 1 April 2014		30,188	167,013	197,201	180,536
Fund balances carried forward at 31 March 2015	18	<u>29,939</u>	<u>174,603</u>	<u>204,542</u>	<u>197,201</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 60 to 79 form part of these accounts

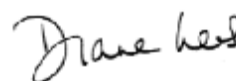
IMPERIAL WAR MUSEUM ACCOUNT 2014-15

Consolidated and IWM Balance Sheets as at 31 March 2015

	Notes	Consolidated		IWM	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fixed assets					
Tangible assets	7	205,697	198,697	205,697	198,697
Heritage assets	8	4,409	3,819	4,409	3,819
Investments	13	-	-	600	600
		<u>210,106</u>	<u>202,516</u>	<u>210,706</u>	<u>203,116</u>
Current assets					
Stock	9	693	348	-	-
Debtors	10	3,372	5,286	2,800	4,541
Short-term investments	11a	-	4,649	-	4,649
Cash at bank and in hand	11b	5,838	1,191	5,688	1,108
		<u>9,903</u>	<u>11,474</u>	<u>8,488</u>	<u>10,298</u>
Current liabilities					
Creditors: amounts falling due within one year	12a	(6,912)	(9,999)	(6,106)	(9,433)
Net current assets		<u>2,991</u>	<u>1,475</u>	<u>2,382</u>	<u>865</u>
Total assets less current liabilities					
		213,097	203,991	213,088	203,981
Creditors: amounts falling due after more than one year					
Creditors: amounts falling due after more than one year	12b	(6,479)	(6,781)	(6,479)	(6,781)
Long term Loan	12e	(2,000)	-	(2,000)	-
Provisions for liabilities and charges	12f	(76)	(9)	(76)	(9)
		<u>(8,555)</u>	<u>(6,790)</u>	<u>(8,555)</u>	<u>(6,790)</u>
Net assets		<u>204,542</u>	<u>197,201</u>	<u>204,533</u>	<u>197,191</u>
Represented by:					
Restricted funds					
Restricted funds	18	128,311	122,151	128,100	122,090
Restricted funds buildings revaluation		<u>46,292</u>	<u>44,862</u>	<u>46,292</u>	<u>44,862</u>
		174,603	167,013	174,392	166,952
Unrestricted funds:					
Designated funds	18	23,330	23,179	23,361	23,210
Designated funds buildings revaluation		<u>10,274</u>	<u>10,070</u>	<u>10,274</u>	<u>10,070</u>
		33,604	33,249	33,635	33,280
General funds	18	490	892	661	912
Finance Lease Reserve		<u>(4,155)</u>	<u>(3,953)</u>	<u>(4,155)</u>	<u>(3,953)</u>
		<u>(3,665)</u>	<u>(3,061)</u>	<u>(3,494)</u>	<u>(3,041)</u>
Total funds		<u>204,542</u>	<u>197,201</u>	<u>204,533</u>	<u>197,191</u>



Sir Francis Richards KCMG CVO DL
Chairman of the Trustees



Diane Lees CBE FMA FRSA
Director-General and Accounting Officer

Date 12 October 2015

The notes on pages 60 to 79 form part of these accounts

IMPERIAL WAR MUSEUM ACCOUNT 2014-15

Consolidated Cashflow Statement for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	20a	12,131	19,013
Returns on investments and servicing of finance			
Interest received	31	68	
Interest element of Loan payments	(17)	-	
Interest element of finance lease rental payments	(400)	(409)	
		(386)	(341)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(13,394)	(19,763)	
		(13,394)	(19,763)
Cash outflow before financing and management of liquid resources		(1,649)	(1,091)
Financing and management of liquid resources			
Capital element of finance lease rental payments		(353)	(344)
Decrease/(increase) in short term deposits		4,649	(1,543)
Increase in long term Loans		2,000	-
Increase/(decrease) in cash in the year	20b	4,647	(2,978)

The notes on pages 60 to 79 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 (FRoM), 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.

External funds

These comprise grants, sponsorship and donations and are reported gross when receivable. Tax recoverable is accounted for when receivable.

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.

Investment Income

Investment income is recognised on a receivable basis.

Incoming resources from charitable activities

Admissions are recognised on a receivable basis.

(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, since 2001, 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 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

£15,838K of Grant-in-Aid (Department for Culture, Media and Sport) has been received during the year (2013-14 £21,243K). This represents 30 % 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. £980K of the Grant-in-Aid was restricted for refurbishment and renewals of buildings, plant and equipment and the digitisation programme £10K for 14-18 NOW and £250K for War Memorials Archive.

IMPERIAL WAR MUSEUM ACCOUNT 2014-15

2b External funds	2015 £'000	2014 £'000
Grants and donations	13,746	15,483
Sponsorship	640	4
Legacies	3	12
	14,389	15,499

External funds of £14,389K relates to IWM (£13,098K) and the Imperial War Museum Trading Company (£1,291K).

3 Investment income	2015 £'000	2014 £'000
Interest receivable	31	68
	31	68

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

Interest of £31K relates to IWM (£20K) and the Imperial War Museum Trading Company (£11K).

4 Net incoming resources before transfers	2015 £'000	2014 £'000
Net incoming resources before transfers of £3,770K, (2013-14 (£11,650K)) are stated after charging:		
Auditors remuneration		
National Audit Office - IWM consolidated accounts	39	40
Kingston Smith LLP - Imperial War Museum Trading Company	12	11
Kingston Smith LLP - additional fee for prior year	1	-
Other Services - Kingston Smith LLP, Preparation of Corporation Tax Return and attending Audit committee meetings in relation to Imperial War Museum Trading Company	4	3
Hire purchase on equipment	35	29
Operating leases - equipment	185	192
Operating leases - Land and buildings	293	248
Interest payable on finance lease	400	409
Depreciation of owned assets	6,894	6,467
Depreciation of assets held under finance leases	253	367
Impairment of owned assets	77	-
Provision/ (release of provision) for bad debts	9	(12)

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

5 Total resources expended	Staff costs £'000	Other costs £'000	Depreciation and Impairment £'000	2015 Total £'000	2014 Total £'000
Costs of generating funds					
Fundraising and publicity	1,433	2,631	20	4,084	2,986
Commercial costs	3,472	2,595	-	6,067	5,089
	4,905	5,226	20	10,151	8,075
Costs of activities in furtherance of the IWM's objectives					
Education, exhibitions and visitor services	7,022	11,485	1,711	20,218	17,446
Building management	506	8,129	5,268	13,903	13,847
Collections management and conservation	5,930	1,830	225	7,985	7,078
Other grants	-	463	-	463	587
Purchases for the collection	-	80	-	80	38
	13,458	21,987	7,204	42,649	38,996
Governance costs*	174	125	-	299	322
Total resources expended	18,537	27,338	7,224	53,099	47,393

Resources expended are shown after eliminations on consolidation of transactions between IWM and Imperial War Museum Trading Company of £8,873K (2013-14 £5,492K).

5 Total resources expended (continued)

* Governance costs	2015 £'000	2014 £'000
Internal audit	35	47
External audit	56	54
Staff costs	174	166
Other strategic costs	34	55
	299	322

	Direct costs £'000	Allocated support costs £'000	2015 Total £'000	2014 Total £'000
5a Division of direct and indirect expenditure				
Costs of generating funds				
Fundraising and publicity	3,637	447	4,084	2,986
Commercial costs	6,067	-	6,067	5,089
	9,704	447	10,151	8,075
Charitable activities				
Education, exhibitions and visitor services	12,314	7,904	20,218	17,446
Building care and preservation	13,666	237	13,903	13,847
Collections management and conservation	4,125	3,860	7,985	7,078
Other grants (Note 14)	463	-	463	587
Purchases for the collection	80	-	80	38
	30,648	12,001	42,649	38,996
Governance	125	174	299	322
<i>Total resources expended</i>	40,477	12,622	53,099	47,393

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 2015 £'000
Costs of generating funds					
Fundraising and publicity	11	20	50	87	168
	11	20	50	87	168
Charitable activities					
Education, exhibitions and visitor services	66	102	4,895	447	5,510
Building care and preservation	4	7	14	32	57
Collections management and conservation	53	99	195	699	1,046
	123	208	5,104	1,178	6,613
Governance	-	-	-	-	-
	134	228	5,154	1,265	6,781
					Allocated
Allocation of support		Facilities management £'000	Depreciation £'000	Support salary costs £'000	Support costs Total 2015 £'000
Costs of generating funds					
Fundraising and publicity		43	20	216	447
		43	20	216	447
Charitable activities					
Education, exhibitions and visitor services		245	106	2,043	7,904
Building care and preservation		16	8	156	237
Collections management and conservation		213	102	2,499	3,860
		474	216	4,698	12,001
Governance		-	-	174	174
		517	236	5,088	12,622

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

	2015	2014
6 Staff costs	£'000	£'000
Salaries and wages	13,514	15,588
Temporary / agency staff	255	144
National Insurance	1,022	1,162
Superannuation	2,416	2,645
Early retirement and early exit costs	1,251	220
Provision for early retirement and early exit	79	5
	<u>18,537</u>	<u>19,764</u>

In addition £212,795 (including £31K for Superannuation) of staff costs relating to staff working exclusively on capital projects was capitalised in 2014-15(2013-14 £304K).

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 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2014-15, employers' contributions of £2,358,862 were payable to the PCSPS (2013-14 £2,620,657) 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 2014-15 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 **£88K** 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. In addition employer contributions of 0.8% of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were **£8K**. Contributions prepaid at that date were nil.

From 30 July 2007, employees may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (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 Consumer Price Index (CPI). 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 their 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 CPI. 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:

	2015	2014
	No	No
£60,001 - £70,000	4	5
£70,001 - £80,000	5	3
£80,001 - £90,000	-	2
£90,001 - £100,000	4	2
£100,001 - £110,000	-	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£141,001 - £150,000	1	-

The number of staff paid above £60K (2013-14 nil) to whom retirement benefits are accruing under defined contribution schemes is nil and under defined benefit schemes is 10 (2013-14 10).

Please see the Remuneration report on page 39 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:

				2015	2014
	Permanent staff	Temporary Staff	Managerial staff	Total No of staff	Total No of staff
Education, exhibitions and visitor services	203	3	5	211	317
Building management	11	-	-	11	10
Collections management and conservation	151	1	3	155	150
Trading / Commercial	46	3	1	50	49
Fundraising and publicity	30	-	1	31	30
Management and administration of the charity	2	-	-	2	2
	443	7	10	460	558

In addition to the above, there were the Full Time Equivalent of 6 staff directly employed to work on capital projects and their costs have been capitalised.

On the 1st of April 2014, Shield Guarding services took over the security and visitor service operation of all museum sites, resulting in the reduction of the full time equivalent of 100 posts in the Education, exhibitions and visitor services staff cost category. This resulted in a movement of costs from staff costs to other costs

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 2014-15. Travel, subsistence and entertainment expenses paid to six Trustees amounted to £5,453 (2013-14 £2,684 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 ex-gratia payments.

7 Consolidated tangible fixed assets	Land freehold and leasehold £'000	Structure £'000	Plant and machinery £'000	Fit-out £'000	Assets under construction £'000
Cost/valuation at 1 April 2014	24,062	94,808	31,811	14,195	29,551
Additions	-	4,415	-	2,083	164
Transfers between categories	-	23,295	(7)	2,546	(29,543)
Revaluation	1,831	(9,861)	7,865	(348)	-
Disposals	-	-	-	-	-
Value at 31 March 2015	25,893	112,657	39,669	18,476	172
Depreciation at 1 April 2014	-	1,797	1,779	1,039	-
Provided in year	-	1,840	1,588	1,502	-
Impairment	-	77	-	-	-
Depreciation due to revaluation	-	(1,245)	(1,387)	(1,397)	-
Disposals	-	-	-	-	-
Depreciation at 31 March 2015	-	2,469	1,980	1,144	-
Net book value at 31 March 2015	25,893	110,188	37,689	17,332	172
Net book value at 1 April 2014	24,062	93,011	30,032	13,156	29,551

Consolidated tangible fixed assets (continued)	Exhibitions £'000	Equipment £'000	Assets held under finance lease £'000	Total £'000
Cost/valuation at 1 April 2014	24,997	6,430	4,887	230,741
Additions	3,491	508	-	10,661
Transfers between categories	3,709	-	-	-
Revaluation	-	-	60	(453)
Disposals	-	(283)	-	(283)
Value at 31 March 2015	32,197	6,655	4,947	240,666
Depreciation at 1 April 2014	20,104	5,801	1,524	32,044
Provided in year	1,516	448	253	7,147
Impairment	-	-	-	77
Depreciation due to revaluation	-	-	5	(4,024)
Disposals	-	(275)	-	(275)
Depreciation at 31 March 2015	21,620	5,974	1,782	34,969
Net book value at 31 March 2015	10,577	681	3,165	205,697
Net book value at 1 April 2014	4,893	629	3,363	198,697

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 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 £626K, net book value as at 31 March 2015 £Nil.

The IWM London was revalued on 31 March 2015 and all other sites were revalued on 31 March 2013 by external professional valuers Gerald Eve, in accordance with the Royal Institute of Chartered Surveyors guidance notes.

During the year the Regeneration project was completed at IWM London. The specific impact of this is as follows:

	IWM London £'000
Net book value at 1 April 2014	51,492
Additions	6,491
Transfers between categories	25,841
	83,824
Depreciation provided in year and impairment	2,376
Net book value at 31 March 2015	81,448

WM London was externally revalued at the year end and had a value below its carrying amount; in total £77K. In accordance with Financial Reporting Standard 11 - Impairment of fixed assets and goodwill, the reduction in value was deemed to be an impairment and therefore recognised as additional depreciation in the Statement of Financial Activities.

All tangible fixed assets are used for charitable activities.

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 1 April 2014 £'000	Net book value at 31 March 2015 £'000	Basis of valuation
IWM London, Lambeth Road, London SE1 including Gate Lodge, Lambeth Road, London SE1	Long leasehold Freehold	51,492	81,448	Depreciated replacement cost Depreciated replacement cost
All Saints Annexe, Austral Street, London SE11	Freehold	3,039	3,093	Existing use
Duxford Airfield, Cambridgeshire	Freehold	71,882	71,310	Depreciated replacement cost
Ickleton Film Store, Cambridgeshire	Long Leasehold	4,115	4,053	Depreciated replacement cost
IWM North, Manchester	Long Leasehold	25,235	26,615	Depreciated replacement cost
HMS Belfast, London SE1	Long Leasehold	2,779	2,805	Existing use
Churchill War Museum, London SW1	Long Leasehold	1,720	1,778	Depreciated replacement cost

	Acquisition at historic costs £'000	Donated assets at valuation £'000	Total £'000
8a Heritage assets			
Cost/valuation at 1 April 2014	3,167	652	3,819
Additions	88	502	590
Disposals	-	-	-
Value at 31 March 2015	<u>3,255</u>	<u>1,154</u>	<u>4,409</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 2014-15 were valued at £502K comprising assets and equipment capitalised in the IWM's Balance Sheet (2013-14 £61K). Values were assessed by relevant experts and other information, including valuations for tax purposes.

No capitalised collection objects were disposed of during the year.

8b Five year financial summary of heritage asset transactions

	2014-15 £'000	2013-14 £'000	2012-13 £'000	2011-12 £'000	2010-11 £'000
Additions					
Purchases	88	44	28	72	130
Donations	502	11	15	-	200
Total additions	<u>590</u>	<u>55</u>	<u>43</u>	<u>72</u>	<u>330</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.	93,065 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.	30,000 document collections 33,000 sound recordings
Exhibits: The range of three dimensional material is diverse, covering the full spectrum of objects associated with modern 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 and is subject to ongoing conservation assessment and treatment.	155,000 items
Vehicles and Aircraft: IWM's collection of vehicles, aircraft and aero engines illustrates the impact of technology on the conduct of modern conflicts.	331 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. IWM is the official repository for relevant film under the terms of the Public Records Act 1958.	198,224 film elements
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.	18,132 photograph collections
Collections Access: The heritage assets include maps, proclamations and books categorised as rare.	82,000 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 220,000 items

Where documentation backlogs exist current estimates have been used. The reduction in the reference collection of library material is due to the managed exit of duplicate or otherwise unsuitable material, whereas there has been ongoing acquisition in Art, Photographs and Documents leading to increases in these figures.

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

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 Development 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 collections are defined as the total body of culturally significant items held by 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 collections management system 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 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

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
Arts Council England's 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 (2015)
- Loans In Procedure (2014)
- Loans Out Procedure (2011)
- Loss Policy and Procedure (2011)
- 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 collections in their 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 collections; significant collections do not have specialist curators.
Logistics	The collections are displayed and stored across IWM's five branches, adding travel time to valuations.
Market value	IWM's collections contain 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 IWM's holdings) are likely to appear at inflated prices in the few years preceding the centenary.
Ownership	Parts of the collections within the Film and Photograph sections, 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 collections include 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 collections 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 accountable, accessible and sustainable collections. This involves the creation of inventory and catalogue records where these do not already exist. While the collections are not fully catalogued, attempts towards full valuation would be both partial and flawed. IWM is working within a Collections Review framework. The completion of this project and the completion of backlog inventory tasks will ensure that the collections are fully documented and assessed for significance. After this point, IWM would be in a far more robust position to begin a valuation programme.

9 Stock

Stock consists of retail goods and IWM Publications

	Group 2015 £'000	Group 2014 £'000	IWM 2015 £'000	IWM 2014 £'000
10a Debtors				
Amounts falling due within one year				
Trade debtors	1,482	1,185	114	92
Other debtors	103	99	103	99
Amount owed by Imperial War Museum Trading Company Ltd	-	-	669	240
VAT debtor	505	1,555	831	1,804
Prepayments and accrued Income	1,294	2,449	1,084	2,307
Provision for bad debts	(12)	(2)	(1)	(1)
Total debtors falling due within one year	<u>3,372</u>	<u>5,286</u>	<u>2,800</u>	<u>4,541</u>
Total Debtors	<u>3,372</u>	<u>5,286</u>	<u>2,800</u>	<u>4,541</u>

Group - Accrued Income includes £55K from the Heritage Lottery Fund and £460K from the American Air Museum in Britain.

	Group 2015 £'000	Group 2014 £'000	IWM 2015 £'000	IWM 2014 £'000
10b Intra-Government debtor balances				
Balances with other central government bodies	728	3,030	1,048	3,273
Balances with local authorities	3	-	-	-
Balances with public corporations and trading funds	6	31	-	-
Balances with bodies external to government	2,635	2,225	1,752	1,268
Total debtors	<u>3,372</u>	<u>5,286</u>	<u>2,800</u>	<u>4,541</u>

	IWM £'000	2015 Total £'000	2014 Total £'000
11a Short-term investments			
Short-term deposits	-	-	4,649

	IWM £'000	IWM Trading Company Limited £'000	2015 Total £'000	IWM £'000	IWM Trading Company Limited £'000	2014 Total £'000
11b Cash at bank and in hand						
Commercial bank balance and cash in hand	5,688	150	5,838	1,108	83	1,191

12a Creditors	Group	Group	IWM	IWM
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	614	1,080	563	1,050
Other creditors	589	696	589	696
Amounts owing to the Imperial War Museum Trading Company	-	-	62	47
Obligations under finance lease	244	353	244	353
Accruals and deferred income	5,465	7,870	4,648	7,287
Total creditors falling due within one year	<u>6,912</u>	<u>9,999</u>	<u>6,106</u>	<u>9,433</u>
12b Amounts falling due after more than one year				
Obligations under finance lease	5,338	5,583	5,338	5,583
Deferred income	1,141	1,198	1,141	1,198
Total creditors falling due after more than one year	<u>6,479</u>	<u>6,781</u>	<u>6,479</u>	<u>6,781</u>
Total creditors	<u>13,391</u>	<u>16,780</u>	<u>12,585</u>	<u>16,214</u>

Included in deferred income is £816K 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	Group	IWM	IWM
	2015	2014	2015	2014
	Total	Total	Total	Total
	£'000	£'000	£'000	£'000
Balances with other central government bodies	1,067	1,931	1,066	1929
Balances with local authorities	8	180	8	-
Balances with public corporations and trading funds	1	-	1	-
Balances with bodies external to government	12,315	14,669	11,510	14,285
Total creditors	<u>13,391</u>	<u>16,780</u>	<u>12,585</u>	<u>16,214</u>

12d Obligations under finance leases

At 31 March 2015 IWM had commitments under finance leases as set out below:

	2015	2015	2015	2014
	Building	Exhibitions	Total	Total
	£'000	£'000	£'000	£'000
Finance lease obligations: payments due				
Within one year	89	155	244	353
in the second to fifth year	-	819	819	816
in more than five years	-	4,519	4,519	4,766
	<u>89</u>	<u>5,493</u>	<u>5,582</u>	<u>5,935</u>

12e Long term Loan

The Museum received a loan from Department for Culture, Media and Sport of £2,000K in July 2014, for the IWM London Regeneration project. The loan agreement shows repayments being made in three equal instalments from April 2016 to April 2018. Interest is being charged at a rate of 1.23%.

12f Provisions for liabilities and charges	Balance as at 1 April 2014 £'000	Additions in year £'000	Provision utilised £'000	Balance as at 31 March 2015 £'000
Early exit scheme	-	76	-	76
Early retirement costs	9	3	(12)	-
	<u>9</u>	<u>79</u>	<u>(12)</u>	<u>76</u>
Amounts falling due within one year				76
Amounts falling due after more than one year				-
Total provisions				<u><u>76</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.

	2015 £'000	2014 £'000
Profit and loss account		
Turnover	12,684	9,407
Cost of goods sold	(8,013)	(6,858)
Gross profit	<u>4,671</u>	<u>2,549</u>
Other operating income	<u>2,651</u>	<u>1,528</u>
	7,322	4,077
Administrative expenses	(1,613)	(1,259)
Operating profit	<u>5,709</u>	<u>2,818</u>
Interest receivable	11	6
Profit	<u>5,720</u>	<u>2,824</u>
Amount paid to IWM under gift-aid	(5,720)	(2,824)
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	12,684	9,407
<i>Intercompany transactions</i>	(98)	(21)
Included in trading income per SOFA	<u>9,914</u>	<u>7,102</u>
Included in fees income per SOFA	<u>1,408</u>	<u>1,265</u>
Included in royalties per SOFA	<u>1,264</u>	<u>1,019</u>
External funds	2,651	1,528
<i>Intercompany transactions</i>	(1,360)	(1,387)
Included in external funds per SOFA	<u>1,291</u>	<u>141</u>
Cost of goods sold	8,013	6,858
<i>Intercompany transactions</i>	(96)	(15)
Included in commercial costs (£6,067K), education (£1,833K) and governance (£17K) per SOFA	<u>7,917</u>	<u>6,843</u>
Indirect costs	1,613	1,259
<i>Intercompany transactions</i>	(1,613)	(1,259)
	-	-
Interest receivable	11	6
<i>Intercompany transactions</i>	-	-
Included in investment income per SOFA	<u>11</u>	<u>6</u>

13 IWM Trading Company Limited (continued)

Balance sheet	2015 £'000	2014 £'000
Current assets	2,472	1,711
Current liabilities	(1,863)	(1,102)
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 600,000 shares of £1 each.

The future plans of the Company forecast longer term growth.

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

14 Other grants

14 -18 NOW WW1 Centenary Art Commissions, is an independent programme hosted within Imperial War Museums and receives public funding from the National Lottery and Arts Council England, during the year 14 -18 NOW paid out co-commission grants of £463K.

In 2013-14 The Trustees of the IWM approved a grant of unrestricted reserves to the Imperial War Museum Development Trust, an independent charity, of £587K.

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, the IWM had no outstanding capital commitments, authorised by the Board of Trustees but not yet contracted, (2013-14 £378K) .

At the balance sheet date, the IWM had no outstanding capital commitments contracted but not provided, (2013-14 £4,135K).

16a Commitments under operating leases

At 31 March 2015 IWM had annual commitments under non cancellable operating leases as set out below:

	2015 Land and other buildings £'000	2014 Land and other buildings £'000	2015 Equipment £'000	2014 Equipment £'000
Operating leases which expire:				
Within one year	102	104	23	85
In the second to fifth years inclusive	-	-	122	34
Over five years	<u>133</u>	<u>214</u>	<u>-</u>	<u>-</u>
	<u>235</u>	<u>318</u>	<u>145</u>	<u>119</u>

16b Commitments under hire agreements

At 31 March 2015 IWM had annual commitments under non cancellable hire agreements as set out below:

	2015 Equipment £'000	2014 Equipment £'000
Hire agreements which expire:		
Within one year	5	3
In the second to fifth years inclusive	14	25
Over five years	<u>-</u>	<u>-</u>
	<u>19</u>	<u>28</u>

17 Contingent liabilities

There are no contingent liabilities

	At 1 April 2014 £'000	Income £'000	Expenditure £'000	Revaluations/ capital restructure £'000	Transfers £'000	At 31 March 2015 £'000
18 Consolidated statement of funds						
Unrestricted funds						
<i>Designated funds:</i>						
Buildings, collections, equipment and exhibitions	23,179	912	(761)	-	-	23,330
Buildings revaluations	10,070	-	(118)	322	-	10,274
Collections	-	65	(65)	-	-	-
Total designated funds	33,249	977	(944)	322	-	33,604
General funds	883	36,872	(38,512)	-	1,238	481
Finance lease reserve	(3,953)	-	(202)	-	-	(4,155)
IWM Trading Company reserve	9	-	-	-	-	9
	<u>(3,061)</u>	<u>36,872</u>	<u>(38,714)</u>	<u>-</u>	<u>1,238</u>	<u>(3,665)</u>
Total unrestricted funds	30,188	37,849	(39,658)	322	1,238	29,939
Restricted funds						
Buildings, collections, donated objects equipment and exhibitions	121,042	11,407	(4,339)	-	(1,065)	127,045
Buildings revaluations	44,862	-	(1,819)	3,249	-	46,292
Tied funds	1,109	7,613	(7,283)	-	(173)	1,266
Total restricted funds	167,013	19,020	(13,441)	3,249	(1,238)	174,603
Total funds	197,201	56,869	(53,099)	3,571	-	204,542

The Tied funds (£1,266K) comprise funds donated for the application to specific projects. These include the AirSpace at IWM Duxford (£273K), IWM Duxford (£198K), the Churchill War Rooms (£49K) and the Holocaust exhibition at IWM London (£275K).

Funds of £100K have been transferred from Restricted funds to Unrestricted funds to cover eliminations on consolidation of transactions

Funds of £1,138K have been transferred from buildings, collections, donated objects equipment and exhibitions to General funds to cover £1,138K Regeneration expenditure. Grant in Aid./ unrestricted funding was used whilst waiting for expected funding from the IWM Foundation to crystallise. This funding has now been used to replace the unrestricted funds originally used.

Funds of £73K have been transferred from Tied funds to buildings, collections, donated objects equipment and exhibitions to cover Churchill front entrance project £13K; Acquisitions £49K and £11K for equipment.

The Unrestricted buildings, collections, equipment and exhibitions funds of £23,330K, the Buildings revaluation of £10,274K, the Restricted buildings, collections, donated objects, equipment and exhibitions funds of £127,045K, the Buildings revaluation of £46,292K, together represent the net book value of the tangible fixed assets and heritage assets less the assets held under finance leases £206,941K.

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.

Building Revaluations increased IWM North by £1,937K; IWM Duxford by £1,280K; All Saints by £110K; HMS Belfast by £85K; Ickleton by £65K; Churchill War Museum by £40K and the finance lease by £54K.

	Unrestricted funds £'000	Restricted funds £'000	Total 2015 £'000
19 Analysis of group net assets between funds			
Fund balances at 31 March 2015 are represented by:			
Tangible fixed assets	36,769	173,337	210,106
Net current assets	584	2,407	2,991
Long-term creditors	(7,414)	(1,141)	(8,555)
Total net assets	29,939	174,603	204,542

20 Cash flow information

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

	2015	2014
	£'000	£'000
Net incoming resources before revaluations	3,770	11,650
Investment Income	(31)	(68)
Interest element of finance lease rental payments	400	409
Interest element of Loan payments	17	-
Loss on disposal of tangible fixed assets	8	6
Reclassification from capital costs to revenue costs	-	364
Depreciation and impairment charge for the year	7,224	6,834
Increase in stocks	(345)	(31)
Decrease/(increase) in debtors	1,914	(1,752)
(Decrease)/increase in creditors	(826)	1,601
Net cash inflow from operating activities	12,131	19,013

(b) Analysis of cash flows

Increase/(decrease) in cash in the year	4,647	(2,978)
(Decrease)/increase in liquid resources in the year	(4,649)	1,543
Cash flow arising from decrease in finance lease	353	344
Movement in net debt in the year	351	(1,091)
Net funds at 1 April	(95)	996
Net funds at 31 March	256	(95)

(c) Changes in net debt/funds

	1 April 2014	Cash flow	31 March 2015
	£'000	£'000	£'000
Cash at bank and in hand	1,191	4,647	5,838
Liquid resources - Short-term deposits	4,649	(4,649)	-
Finance lease	(5,935)	353	(5,582)
Net funds	(95)	351	256

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 27% of total incoming resources. The remaining amount is funded via 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 £1.482K 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:

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 2015				
Sterling	5,823	15		
	<u>5,823</u>	<u>15</u>		
As 31 March 2014				
Sterling	5,825	15	0.59	29 Days
	<u>5,825</u>	<u>15</u>		

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

21 The role of financial instruments (continued)
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)	-	-	521	-	460
The Friends of the Imperial War Museum (FIWM)	-	-	233	-	-
IWM Foundation	-	14	5,025	-	2
IWM Development Trust	-	2	2,062	-	(86)
Gerry Holdsworth Trust	-	-	15	-	(15)
Heritage Lottery Fund	-	-	4,060	-	(140)
Docklands Sinfonia	1	-	-	-	-
Bletchley Park Trust	1	-	-	-	-
NMDC Member Contributions:					
<i>British Museum</i>	-	18	-	-	-
British Library	-	5	-	-	-
Horniman Museum	-	2	-	-	-
National Maritime Museum	-	6	-	-	-
National Portrait Gallery	-	3	-	-	-
Natural History Museum	-	18	-	-	-
Royal Armouries Museum	-	3	-	-	-
Sir John Soanes Museum	-	1	-	-	-
Science Museum	-	15	-	-	2
Tate	-	13	-	-	-
Victoria & Albert Museum	-	16	-	-	-
Wallace Collection	-	1	-	-	-
British Library	1	1	-	-	-
British Film Institute	4	26	-	-	7
British Museum	-	1	-	-	-
English Heritage	4	-	-	-	-
National Maritime Museum	14	1	-	-	-
Victoria & Albert Museum	4	-	-	-	-
National Museums Liverpool	-	1	-	-	-
National Portrait Gallery	-	1	-	-	-
Science Museum	3	3	-	-	-
Royal Armouries	-	1	-	-	-
Tate	-	1	-	-	-
International Entertaining Consulting Pty Ltd	-	387	-	-	387
Arts Council of England	-	-	1,284	-	(184)
Arts Council of England (Exchequer)	-	-	51	-	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 £5,025,000 were received from the Foundation in 2014-15

The IWM Development Trust granted £1,100,000 to IWM in 2014-15. Diane Lees, Director General, is a Trustee of the IWM Development Trust.

Diane Lees, Director General and the sister of the Trustee Sir Frances Richards, are both Trustees of the Gerry Holdsworth Special Forces Charitable Trust. During the year the Holdsworth Trust made grants of £15,000 to the IWM.

Funding of £4,060,000 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

A license fee of £20 and Entrance & Tour of Bletchley Park were purchased for a small fee of £234, Sir John Scarlett is Chairman of the Bletchley Park Trust and Jon Card, Director of Business and Governance, is a Trustee.

22 Related Party Transactions (continued)

NMDC members contribution totalling £101,000 was received from various Museums sponsored by DCMS

A grant totalling £25,800 was received from BFI for THE Unlocking Film Heritage (UFH) Digitisation Fund

Payments of £775 for Permissions for Digital Files for use in FWW Galleries were made to the British Library

Patrons Tickets of £200 for BFI Gala and £3,930 for the License Fees for the of Clips in FWW Galleries were made to the British Film Institute

Payments totalling £3,590 were made to the English Heritage, a DCMS funded body, for the supply of High Resolution USAAF digitised images and £750 for listing fees

Payments totalling £3,000 were made to the Science Museum for Volunteers Wellbeing Project Costs

Rental payments totalling £13,043.76 were made to the DCMS funded National Maritime Museum during 2014-15. A further £414 was paid for Catering services at their venues

NMDC Course Fees of £2,500 and costs of £1,503 for the preparation on Loan Materials were made to Victoria & Albert Museum during 2014/15

£1,284,000 was received from the Arts Council of England, a DCMS funded organisation.

£51,000 was received from the Arts Council of England Exchequer Fund, a DCMS funded organisation.

Image Sales and Licensing Fees were received by the IWM Trading Company from the British Museum totalling £350 during 2014-15.

Image Sales and Licensing Fees were received by the IWM Trading Company from the National Maritime Museum totalling £424 during 2014-15.

Image Sales and Licensing Fees were received by the IWM Trading Company from National Museum Liverpool totalling £261 during 2014-15.

Image Sales and Licensing Fees were received by the IWM Trading Company from the National Portrait Gallery totalling £259 during 2014-15. A further £360 was received for the arrangement of Loan item

Image Sales and Licensing Fees were received by the IWM Trading Company from the Royal Armouries totalling £282 during 2014-15. A further £936 was received for the arrangement of Loan item

Image Sales and Licensing Fees were received by the IWM Trading Company from the Science Museum totalling £1,122 during 2014-15. A further £1,636 was received for the arrangement of Loan item

Image Sales and Licensing Fees were received by the IWM Trading Company from the Tate Publishing arm totalling £369 during 2014-15, in addition a further £1,030 was received from Tate for loan item.

Lord Ashcroft, an IWM Trustee and a Director and Chairman of the IWM Trading Company Limited, is an investment partner in a joint venture with International Entertainment Consulting Pty Ltd ("IEC") and Nine Entertainment Co Holdings Limited to arrange an international touring exhibition programme for the benefit of IWM. IWM has a direct relationship with IEC and during 2014-15 the IWM Trading Company Limited had transactions with IEC. At the year end £386,855 was owed to the IWM Trading Company Limited.

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.

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