



Annual Report and Account 2015–2016

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IWM LONDON
IWM NORTH
IWM DUXFORD
CHURCHILL WAR ROOMS
HMS BELFAST
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Imperial War Museum

Annual Report and Account 2015–2016

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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 are working 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

We have welcomed over 2.5 million visitors to our branches this past year. This is ten per cent less than in 2014–15 – an exceptional and record-breaking year with the high-profile launch of our redeveloped flagship branch (IWM London) and commencement of our First World War Centenary programme. As interest in the First World War Centenary has reduced, visitor numbers to IWM London have returned to pre-2014 levels. We experienced a similar trajectory at IWM North following the conclusion of our captivating programme of events and First World War exhibition. Our Centenary programme has been planned around key ‘moments’ and 2016 offers significant opportunities for engagement around the commemoration of the Battle of Somme and IWM London’s year of film, more details of which can be found in the forward plan section of this report.

Churchill War Rooms had a tremendously successful year, almost reaching a record half a million visitors. We have also experienced a busy year at IWM Duxford, with a remarkably popular air show season and a surge in visitor numbers following the opening of the redeveloped American Air Museum at the end of the financial year (on 19 March 2016). Performance at HMS *Belfast* has been disappointing as we have seen a decrease in family visits (experienced elsewhere in the sector) and the London Bridge area has been subject to major transport disruption due to the ongoing redevelopment of Crossrail.

A full and varied public programme aimed at key audience groups has seen exceptionally high visitor satisfaction this past year, with the proportion of visitors likely to recommend a visit to our branches at 99 per cent. A high volume of our visitors are from overseas (42 per cent) reflecting the significant contribution we make to the economy through tourism, calculated to be £118 million in 2015–16¹.

In 2015 we launched a fully responsive website as the majority of our online visitors access our website via portable devices. More than 5.2 million people visited our website during the year – a decrease of four per cent on the year before – reflecting a downturn we have seen across all our areas of business this year following a peak during the commencement of the First World War Centenary last year. Looking ahead, we will develop a digital strategy to fully meet our business and audience needs and to broaden our impact on digital audiences.

IWM visitor numbers '000s	2015–16 actual	2014–15 actual	% change year on year
Total number of visits to IWM	2,539	2,811	-10%
Total number of website visits	5,290	5,517	-4%

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 public programme

We continue to make links to our permanent collection and galleries through a compelling and varied programme of curated exhibitions and events.

Fashion on the Ration: 1940s Street Style enjoyed a successful run at IWM London until August 2015. The exhibition, which looked at how fashion survived and even flourished under the strict rules of rationing in 1940s Britain, exceeded both our visitor number and income targets.

In April 2015, highlights from our art collection were presented at IWM London in *Visions of War Above and Below*. The exhibition explored different artistic perspectives around the development of flight and aerial warfare from the First World War through to twenty-first century, providing our audiences with multiple, often surprising viewpoints of war.

This year IWM Duxford air shows were themed around significant Second World War anniversaries. In May 2015, the VE Day Anniversary Air Show paid tribute to the people who lived through the Second World War. The flying display was accompanied by music, speeches and veterans' memories to depict how the Second World War was won in the air. In September 2015 the Battle of Britain Anniversary Air Show commemorated the 75th anniversary of the event, with a flying display that told the story of RAF Duxford's pivotal role in this historic Second World War aerial battle. Our audiences experienced the spectacle of 20 Spitfires taking off from our historic airfield, flying in mass formation as they did in the Battle of Britain. Visitors were also encouraged to visit our *Battle of Britain* exhibition, the home of Duxford's Spitfires, and step back in time to the 1940s Operations Room, the nerve centre of Duxford's Battle of Britain. The event attracted press and broadcast from across the world and featured as a backdrop to BBC Two's, *Antiques Road Trip*. We also saw a high level of social media engagement, particularly around a photo competition on Facebook.

In May 2015, *Peter Kennard: Unofficial War Artist* opened at IWM London. Peter Kennard is Britain's foremost political artist whose imagery has become synonymous with the modern protest movement. This retrospective of his career, now spanning almost 50 years, was positively received by art critics in the *Guardian*, *Telegraph* and *Observer* and was selected by culture website *Londonist* as one of the Best Blockbuster Art Exhibitions of 2015. The publication accompanying the exhibition was one of our top-selling books.

Our major exhibition at IWM North opened in July 2015 to mark the 75th anniversary of the Blitz during the Second World War. *Horrible Histories®: Blitzed Brits* offered our family audiences the opportunity to discover how people lived through one of the most challenging times in British history. The exhibition brought together objects, photos, art, film and sound clips from our collection, imaginatively narrated by Horrible Histories author Terry Deary, and brought to life with new animations by Martin Brown. On opening, the exhibition received excellent press reviews including full page coverage in *The Times* and the *Daily Telegraph*.

At IWM London, our major ticketed offer, *Lee Miller: A Woman's War*, explored the changing roles of women over the course of the Second World War as portrayed in the photography of Lee Miller. Over its run, this visually stunning and thought-provoking show received much acclaim, striking a chord with our audiences and the media. Coverage included major pieces in *The Sunday Times* and *Telegraph*, a piece on *Woman's Hour*, an exclusive national spread in the *Observer Magazine*, a five star review in *Time Out* and selection by BBC Radio London as one of its top exhibitions of 2016. Our

accompanying publication, *Lee Miller: A Woman's War* featured in the *Guardian's* Best Books of 2015 list. Over its run (October 2015 – April 2016) the exhibition attracted some 44,500 visitors, exceeding our targets for visitors and income forecast.

The latest display from our contemporary collecting programme, *Fighting Extremes: From Ebola to ISIS*, opened at IWM London on 18 November 2015. It examines how Britain's armed forces deal with very different aspects of global security, from efforts to fight ISIS in the Middle East, to the Ebola outbreak in West Africa. Our contemporary collecting team worked with those involved in Operation Shader (the UK's military intervention against ISIS in the Middle East) and Operation Gritrock (the UK's participation in the fight against the Ebola virus epidemic in West Africa), to start building narrative and interpretation around these themes and newly acquired collections. The display is responsive to events as they unfold.

IWM Contemporary showcases contemporary artists' responses to conflict. The programme at IWM London included installations by British artists Imogen Stidworthy and Rosalind Nashashibi and an exhibition by award-winning British photographer and film maker, Nick Danziger. *IWM Contemporary: Imogen Stidworthy* featured the artist's sculptural sound installation, *The Work v5*, which was developed through dialogue with two British soldiers who suffered from post-traumatic stress disorder. Rosalind Nashashibi's film *Electrical Gaza* provided glimpses of everyday scenes and life in Gaza. *Nick Danziger's, Eleven Women Facing War* reflected on the impact of war and its legacy on the lives of 11 women in different conflict zones during the twenty-first century. It was selected by the *Daily Telegraph* as one of the best photography exhibitions of 2016.

Our Short Film Festival (26 February – 11 March 2016) offered amateur and professional filmmakers the opportunity to access our film collection and produce new and challenging material on subjects as diverse as terrorism and drone warfare, refugees and post-traumatic stress disorder. The 26 short-listed films were screened at IWM London and winners were announced at the IWM Short Film Festival 2016 Awards Ceremony on 21 March 2016. The joint winners of the Best Student category were awarded a paid internship at October Films and the winner of the Best Use of IWM Archive Material category won £5,000 worth of archive and restoration work from Prime Focus.

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 digital learning resources minimise the barriers to access by reaching those who come to our branches as well as those who are unable to visit us. We work closely with key stakeholders and teachers to ensure that the resources developed meet their needs and are impactful to our audiences. We launched new online resources this year around the First World War Centenary, including resource on *The Battle of the Somme* film and a film on using the Princess Mary gift box as an online resource for teachers undertaking First World War battlefield tours (this was in partnership with the Institute of Education and Battlefield Tours). In terms of digital engagement there were over 71,700² instances of participation with our online learning sessions over this period.

² A session is defined as a group of interactions one user takes within a given time frame on our website. Google Analytics defaults this time frame to 30 minutes.

Our learning programmes seek to find new ways of engaging our audiences with our collections and subject matter. We offered a wide breadth of formal learning opportunities and a full programme of in-gallery talks, tours and family workshops this year. In October 2015 we delivered a programme of talks and film screenings for Black History Month. This included tours at IWM North while at IWM London contributions were made by community historians Stephen Bourne author of *Black Poppies: Britain's Black Community and the Great War*, Tony Warner, Black History Walks, Patrick Vernon, Every Generation, and the journalist Barnaby Phillips. There was a high level of attendance and engagement with the subject of black experience and contribution made by men and women during the First and Second World Wars and more recent conflicts.

We value the work and fresh perspective which our Youth Advisers bring to IWM. This group of enthusiastic young people aged between 14 and 19 work closely with us on our strategies for inspiring the next generation to engage with IWM and the wider sector. The group meet monthly to provide their views on different aspects of our operations. Highlights this year include the workshop *Our GeneRATION*. Linked to our exhibition *Fashion on the Ration: 1940s Street Style*, the event included a tour of the exhibition created by Youth Adviser members, a debate with members of the public about fashion and recycling, and a workshop to customise a boiler suit for the twenty-first century inspired by 1940s siren suits (with the winning design then being made by designer Heike Hummel). Photographs of the finished garment can be found on our Youth Advisers' Facebook pages. Over the February half term, Youth Advisers held a *Protest and Survive* workshop inspired by the work of Peter Kennard. The event, which visitors were encouraged to drop-in to, featured a Q&A session with Peter Kennard and a photomontage and slam poetry creative session inspired by the theme of protest. In other areas of business, a member of our Youth Adviser panel has taken part in the White Paper Roundtable organised by Cultural Learning Alliance and WhatNext?, and the team have worked with us to develop digital learning resources around topics such as London and the Second World War, the Cold War and end of the Cold War era.

Other transformative learning projects this past year include *Make Film, Make History*, an EU-funded partnership project working with young adults (aged 18–24) from all over the UK, Germany and Denmark. Over the past 14 months, participants have been working together, and with their film making mentors, to develop, produce and share films inspired by a common history, experiences of being young in Europe today and the future of Europe.

We have continued to work with veterans and school children across Greater Manchester on a community engagement project in partnership with Trafford Council and funded by Community Covenant. *Serving Stories* aims to foster mutual respect and understanding between veterans and the wider civilian community. A highlight of the project this year included IWM North hosting the film premiere of the *Serving Stories* trip to the National Memorial Arboretum.

IWM learner numbers '000s	2015–16 actual	2014–15 actual	% change year on year
Learners in on-site educational programmes	457	517	-12%
Children in on- and off-site educational programmes	271	307	-12%

Some 457,000 learners (adults and children) participated in learning activities across our branches. This performance is in line with our annual target, but for similar reasons outlined elsewhere in this report, participation has not matched the levels we saw at the commencement of our First World War Centenary programme last year.

Our volunteer programme

Our fantastic team of volunteers support our operations and the delivery of a wide range of activities including engaging with our visitors, supporting our collections team, learning programmes and aircraft, military vehicle and ship conservation, as well as Friends and membership support. IWM in turn provides our volunteers the opportunity to learn and share their skills with staff and colleagues alike. Over the past year, approximately 1,052 volunteers contributed an estimated 100,704 hours of effort, which is the equivalent of over 60 full-time posts.

At IWM North we completed the second year of our HLF-funded project *if: Volunteering for wellbeing*, part of a three-year partnership with the Manchester Museum and Museum of Science and Industry. Participants have gained accredited training to develop heritage knowledge, customer service skills, team building and communication skills, before being given the opportunity to support our work at IWM North or one of our partner venues, including the People's History Museum, Manchester Jewish Museum, National Trust Dunham Massey, Manchester City Galleries, Whitworth Art Gallery and Ordsall Hall. The project has been routinely evaluated using social return on investment methodology, with a particular focus on how the project contributes to individual wellbeing, society and the wider economy. Evaluation following our second year shows that of the 160 local people recruited, 85 per cent were in receipt of a benefit, 86 per cent of participants reported a significant increase in wellbeing and 28 people gained employment. A quote from one of our volunteers: *"Has the course changed my life? Yes and more. It has actually given me back my life, a life seemingly lost to lack of hope and depression. I am the real me again."* Evaluation also shows a dramatic improvement in participants' state of mental and emotional wellbeing, in addition to other outcomes across skills attainment and employability. We have estimated from two years of data and longitudinal tracking of participants' outcomes, that the project has so far added social and economic value of approximately £800,000, a portion of this having a direct and positive impact on local care services, housing tenure, and central government spending.

Our volunteer programme also involves remote volunteering in support of IWM's War Memorials Register. Over this period, an average of 48 office and remote volunteers collectively donated 851 days of volunteering to support this work.

Awards

We are delighted to have been recognised in the following awards over the past year:

Our exhibition *From Street To Trench: A World War That Shaped A Region* at IWM North was awarded Silver for Best Tourism Event of the Year at the Visit England Awards in March 2016.

At the 2015 Design Week Awards, the prize for Exhibition Design of the Year was awarded to our designers Casson Mann for their work on our First World War Galleries.

The Churchill War Rooms was included in the UK's 2015 Traveller's Choice top 10 museums list, as voted by Trip-Advisor.

Our HMS *Belfast* Warship Conservation Volunteer group were recognised with two awards this year; winning the Best Team category at the London Volunteers in Museums Awards, and Outstanding Contribution category in the Marsh Volunteer Award for Historic Vessel Conservation.

At the inaugural SHARE Volunteer Awards in June 2015, two of our IWM Duxford volunteers won awards in the Front of House category.

The restored³ film *German Concentration Camps Factual Survey* received a special award at the Federation of Audiovisual Libraries Awards.

3.2 Increasing our financial sustainability

We are delivering several high-profile 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.

First World War Centenary Partnership

IWM continues to be of national and international focus for activity marking the centenary of the First World War. Through our First World War Centenary Partnership programme, member organisations have collectively organised and presented a vibrant, diverse and far-reaching programme. We have over 3,600 member organisations, from 59 countries, who are engaged in this dynamic network.

Over the course of the centenary our programme focusses on particular anniversaries, with the Battle of the Somme commemoration in 2016 being a key moment of reflection. We provide access to a large body of resources authored by IWM and create the opportunity for member organisations to network. This past year we ran conferences on *Looking Ahead to 2016* in London, Manchester, Dundee and Aberystwyth. We are also working in partnership with member organisations on the international screening of *The Battle of the Somme* film – this being the most significant film in our archive (having been granted UNESCO Memory of the World status).

New resources for members include material on the Easter Rising (developed in consultation with colleagues in Northern Ireland and the Republic of Ireland), 'Notes on *The Battle of the Somme*' – a guide to the film and its context – and a communications toolkit for partners to use for the film screenings. Our Partnership programme is routinely

³ Restoration and distribution of this important documentary was led by IWM's Dr Toby Haggith

evaluated and this year a revised evaluation toolkit was made available to member organisations through our extranet 1914.org. We are also participating in a YouGov survey, which will test audience knowledge and understanding of the First World War and their responses to the centenary. In preparation for 2016 we have launched a Battle of the Somme hub page on our extranet to connect all related events and news in one place.

Lives of the First World War

Our interactive digital memorial was launched in 2014 to inspire people from across the world to discover, build and share the life stories of those who served in uniform and worked on the home front during the First World War. Through this platform, we continue to invite users to make the connections between various data sources available to them; including IWM's digitised collections, data from our partner organisations and archives, as well as the ability to add material from private family collections. We have over 92,600 members to date, who have collectively contributed to over 7,669,000 life stories which remain publicly available for other users to search and contribute to. We have 3,555 communities that are engaged with the platform, working to bring together the life stories of individuals connected to each other, for instance through a battalion or unit, family, work, sports teams or the names from a war memorial.

American Air Museum project at IWM Duxford

The re-opening of the American Air Museum at IWM Duxford on 19 March 2016 was the culmination of our five-year project to revitalise the audience offer around the subject of the air war fought by US Army Air Forces in Britain.

Prior to the redevelopment of the museum our audience research told us that visitors were fascinated by the aircraft in the American Air Museum, but often failed to make the association between the objects themselves and their capabilities and significance to people. The transformed museum tells the story of the relationship between Britain and America in very human terms. Personal stories come to the fore, vividly demonstrating the consequences of war in the twentieth and twenty-first centuries. Highlights of the new displays include a new, chronological layout for the aircraft on display, compelling new personal stories of 85 individuals told through their personal objects, filmed interviews and photographs; as well as contextual displays around iconic objects such as a piece of World Trade Center steelwork, a statue of Prometheus destroyed in the Dresden raids and a piece of the Berlin Wall. Since opening, visitor numbers have increased. A high level of engagement can also be seen in another important strand of this project, the American Air Museum website, which launched in October 2014 as an interactive archive of images and information.

The website records the stories of the men and women of the US Army Air Forces who served their country from the UK in the Second World War, and the memories of the British people who befriended them. On opening, it showcased images from IWM's Roger Freeman Collection which we acquired in 2012, alongside material from partner organisations – including large databases from the Museum of the Mighty Eighth in Savannah, Georgia and several private citizens. The website is largely reliant on the 'crowd' to make the links and bring history to life and as such, users are encouraged to browse, edit and upload their own photographs and memories. In its first year of operation we had over 168,000 unique visitors to the website with over 2 million pages

accessed. Over that time the site content has grown substantially with approximately 1,750 registered users contributing material or making edits to the site. The website is providing a service which users clearly value from their feedback and the level of engagement we have experienced. In its time of operation it has firmly established itself as a sector leader in terms of innovation and new ways of working.

The American Air Museum Summer Residency ran in August for four years from 2012 to 2015. The last two years of the programme were made possible through generous sponsorship by Northrop Grumman. The summer residency was an intensive programme hosted at IWM Duxford for teachers from both the United States and United Kingdom. One of the principal aims of our professional development programme was to encourage the teachers involved to develop follow-up activities with their own classes and inspire students to engage with the subject of the American air war in Britain. Over its course, the programme was well received, and has led to several collaborative projects, many of these based on our website.

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 2015–16 we generated £5.1 million in net profit through trading activity, which is 11 per cent higher than our annual forecast. Challenges included the impact of lower visitor numbers on business areas dependent upon them (such as retail and public catering) and a drop in demand for First World War related licensing as interest in the centenary has reduced. These were offset by strong growth from our most commercially profitable air show season and income from private tours and overnights (*Kip in a Ship*). The introduction of pleasure flying in a Spitfire at IWM Duxford has proved very popular and has increased income to record levels.

A new catering contract for Churchill War Rooms, IWM Duxford and HMS *Belfast* has seen substantial investment in our public catering offer, with new café facilities at Churchill War Rooms and the opening of Tom's Kitchen at HMS *Belfast's* quayside café and rooftop bar. At IWM Duxford the newly refurbished and rebranded Armoury café (named after the building's former purpose), the Workshop Restaurant (a new BBQ style restaurant) and a refurbished café for the American Air Museum all opened this past year.

Exciting developments have also been made in retail. In early 2016, two refurbished shops opened – at Churchill War Rooms and within the newly designed Visitor Welcome centre at IWM Duxford. We also partnered with independent British menswear label Realm & Empire to launch a new pop-up shop in Seven Dials, Covent Garden (from mid-November to the end of December 2015). Realm & Empire's Autumn-Winter 2015 Flyers Collection drew on influences from RAF Bomber Command, the Battle of Britain and the British airborne divisions, as well as US aircrew finery and even aircraft nose art, all found at IWM. This proved to be a very successful venture for both the label and museum.

On a broader, strategic level, the implementation of our Commercial Strategy is focused 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 is being achieved through the

development of a flexible and responsive commercial operation with an emphasis on digital capability. At the heart of our Commercial Strategy is a belief that building 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 the customer experience. As such we are implementing a Customer Relationship Management (CRM) system as a cornerstone of the Commercial Strategy. The first phase of this project gets underway in 2016.

Managing our estates and infrastructure

Providing secure and appropriate storage for our collections, developing and using our estate efficiently and ensuring that our IT service delivery is aligned with our business needs are high priorities. In terms of our estates masterplan work, we are progressing with phased plans to ensure that we use our vast estate as effectively and efficiently as possible, balancing public, commercial, back of house and collections storage space needs appropriately.

Our facilities management team has supported significant projects this year such as the tender of a new FM contract for the provision of both hard and soft FM services across our sites, which were awarded in June and will be implemented in the forthcoming year. The team have completed an additional phase of the IWM Duxford security system upgrade and played a key role in the development of a Masterplan for IWM Duxford. The masterplan will be presented to our Board of Trustees in the autumn. The aims of the IWM Duxford masterplan are similar to that of our long-term masterplan for IWM London – an opportunity to improve our visitor experience, develop a logical and coherent visitor journey through the site, make more of historic nature of the site and allow us to build audience numbers. It is premised on the principle that IWM Duxford will be Second World War focused.

Following the Shoreham Air disaster in 2015, we have worked closely with all regulating bodies to ensure that our air shows remain fully compliant with revised regulations, and that we continue to offer fantastic and safe air displays for all our audiences and staff.

Our IT Department have made further upgrades to our Digital Asset Management System (DAMS) by undertaking a project to build a dedicated server room at IWM Duxford. This will support additional storage for our digitisation activity. Our email system was upgraded this past year, while we continue to invest significant resource into the implementation of our IT Security Strategy in response to increased cyber security threats. This will ensure that we continue to provide all users of our network a controlled and safe place to operate within.

3.3 Deliver effective stewardship of our collection

We have retained our Full Accreditation status from Arts Council England, a significant validation of our collection management strategies, policies and procedures.

Collections Review

IWM's Collections Review Programme has been active since late 2010, strategically shaping our collections through major acquisitions and targeted disposals. A new Collections Development Policy has been approved and implemented this past year so that our staff have a shared understanding of the overarching aims and parameters of our

collections development strategy. This work will continue to support the development of our future galleries and public programmes. Focus now shifts to reviewing our collections relating to Second World War themes as the second phase of Transforming IWM London gets underway.

Our collections have been strengthened by some notable acquisitions, including a 'Whale' span which is now displayed at IWM Duxford. 'Whales' were floating roadways that were integral to the Mulberry harbours built immediately after the Allied Landings in Normandy on 6 June 1944. The Whales were extraordinary feats of engineering that helped ensure that soldiers, vehicles and supplies could be brought ashore to take part in the campaigns to liberate Europe from Nazi control. Another notable acquisition was Omer Fast's film *5000 Feet is the Best*, which premiered at IWM London as part of our IWM Contemporary programme in 2013. This is the first of our acquisitions under the Art Fund New Collecting Award and was approved for joint acquisition with the Towner Art Gallery.

IWM Duxford North Side project

Our overarching strategy for this ten-year project is for the consolidation and sustainable storage of all our collections at IWM Duxford. The aims of this capital project are to systematically convert suitable storage buildings at IWM Duxford North Side so as to maximise the yield of our collection storage spaces and increase the use of passive environmental controls. Over the past year we have worked on plans to enable the second phase of our Transforming IWM London project to get underway. This will see a number of our collections currently stored in London move to IWM Duxford.

Collections access

A strong interest and connection to our subject matter means that we continue to receive and respond to a high volume of collections enquiries. Visitors with walk-in collections enquiries are welcome to visit our Explore History centre at IWM London. Over 24,000 enquiries were logged in this facility over the course of the year, while around 3,640 remote enquiries were handled by our visitor experience team and curatorial staff. Increased digital content via our website has resulted in 3.7 million online collections search page views this year (3.8 million in 2014–15). Our Research Room service saw over 3,000 users accessing our collections for research purposes. New services introduced this year include photograph permits (for a small fee) to replace our outdated photocopying order service. This has resulted in an increase of document requests as readers can access a higher volume of material onsite. We continue to investigate how to make this service more efficient for our staff and truly accessible for our users.

In terms of broadening access to our collections, our acclaimed First World War art exhibition, *Truth and Memory*, opened at the York Art Gallery on 25 March 2016. A large number of items relating to the Battle of Jutland (many of which are not on public display) have been loaned to the National Museum of the Royal Navy for their exhibition *36 Hours: Jutland 1916, The Battle That Won The War* which opened in May 2016.

Our First World War touring exhibition opened at the Melbourne Museum, Australia on 17 April 2015, bringing our collections and content to a totally new, international audience. The interactive exhibition included a significant number of objects and material from our photo, film, art and sound archives, and was timed to open at the centenary of the Gallipoli campaign. The exhibition was warmly received by press and visitors. A longer-

term tour to other international venues was explored but not viable and the exhibition closed in October 2015 following its run in Melbourne.

Contemporary Collecting Programme

Since 2009 we have worked in partnership with the Ministry of Defence on our contemporary collecting initiative with British service personnel involved in the conflict in Afghanistan (formerly called War Story). This approach has now widened as part of our programme for Contemporary Collecting. The current focus for our contemporary collecting team includes UK's counter ISIS operations (as reflected in our current exhibition *Fighting Extremes: From Ebola to ISIS*), the protection of cultural property in conflict and a look back to the early years of UK intervention in Afghanistan (post 2001) and the impact of this period on the current military approach.

Research projects

Our Research and Academic Partnerships 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.

In April 2015 we hosted a seminar at IWM London to commemorate the 70th anniversary of the liberation of Bergen-Belsen. We were invited to the International Criminal Tribunal for the Former Yugoslavia in the Hague where we introduced the *Belsen Camp Evidence Film* at the Staff Union. Screenings of the restored 1945 film *German Concentration Camps Factual Survey* at BFI Southbank, the Chalke Valley Film Festival and across cinemas in the UK and Europe also marked this important anniversary.

Three new Arts and Humanities Research Council (AHRC) Collaborative Doctoral Partnership students have begun their PhDs at IWM. Their research contributes to our work by focusing on subjects such as the experience and impact of the influenza pandemic of 1918–1919, IWM and public memory of the Second World War and contemporary art and conflict at IWM.

We have participated in and contributed papers to the BBC Monitoring Collection AHRC International Research Network series focussed on the Second World War and Digitisation – the outputs of which can be found on the project's webpages.

3.4 Key supporters in 2015–16

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 in fundraising for *Transforming IWM London* and we are thankful for their commitment and vigour in helping us to achieve our long-term strategic ambitions.

We are very thankful for the major grants, donations and sponsorships made this past year. While it is not possible to report here all the contributions that we receive, IWM is very grateful for the generous donations received by individuals as well as companies and charitable trusts. Such support is essential in helping us achieve our charitable mission. We also thank those donors who wish to remain anonymous.

Arts and Humanities Research Council (AHRC)

Art Fund

Arts Council England

BAE Systems

Barclays

Boeing

Clore Duffield Foundation

Douglas Standiford

DCMS Wolfson Foundation

European Commission

Friends of Imperial War Museum

Heritage Lottery Fund

Ida Beckett

IWM Foundation

John Lewis Partnership

Marshall P Cloyd

New Generation Trust

Pears Foundation

The British Council

The Gerry Holdsworth Charitable Trust

The Michael Bishop Foundation

The Oglesby Charitable Trust

Trusthouse Charitable Foundation

Westfield Europe Ltd

IWM Patrons

IWM Patrons enjoy a particularly close relationship with IWM. We would like to thank them all for their ongoing support.

John and Susan Apletree

Ian Baggs

Dr Stuart and Clair Blackie

Romen and Brigid Bose

Jeffrey and Elizabeth Boyling

Rae Byrne
David Cannon
Dame Judith Mayhew Jonas DBE
Andrew Ferguson
Lt Cmdr Paul Fletcher
Clare and Stephen Jakeman
Lord Black of Brentwood
John Ruskin
Kathy and Colin Smith OBE
The Civil Service Club

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 5,539 IWM Friends members, who through subscription fees and Friends event income have contributed a grant to the museum of £65,000 over the past year. Annual subscription income has risen by 13 per cent from £136,077 to £153,999 year on year with 1,536 new members joining this year compared to 1,104 in 2014–15.

4. Plans for future periods

Our Corporate Plan for 2016–19 lays the foundation for major development at our branches over the next decade and beyond, in particular through the completion of the IWM Duxford masterplan, continued transformation of IWM London and the projects that enable it, such as the IWM Duxford North Side project. At the very heart of this work is our strategic objective to prioritise our audiences by improving our visitor experience.

4.1 Prioritise our audiences

Over this period there are elements of our strategic change programme that will progress. One of the most profound changes will arise out of the learning review we are currently undertaking. This is providing long-term focus for how we will become a learning organisation that is impactful and responsive to clearly defined audiences. Aligned with this is the development of new, innovative and sector-leading programmes that are effective and sustainable.

A masterplan for IWM Duxford is being completed this year which will set our vision for the transformation of the site over the coming years, using the redefined role and remit for IWM Duxford as our starting point. The second phase of Transforming IWM London will see us delivering new Second World War Galleries, new Holocaust Galleries and learning spaces by 2020–21. Alongside this, our refreshed Digital Engagement Strategy will set the foundations for how we deliver a cohesive digital offer that is audience-led, impactful and fully meets our evolving business needs.

In terms of public programming we are creating excellent, inspiring and relevant exhibitions to engage our audiences. 2016 has been designated as IWM's year of the film, as we commemorate the hundredth anniversary year of the release of *The Battle of the Somme* film. To mark the release of this film and a century of war movies that have captivated audiences ever since, our next major exhibition at IWM London, *Real to Reel: A Century of War Movies* features some of the most celebrated and provocative war movies from across the decades and shows how film-makers have used war's inherent drama to translate stories of love and loss, fear and courage, triumph and tragedy into blockbusters for the big screen. The exhibition opened on Thursday 30 June 2016 as part of our ongoing First World War Centenary programme.

On the night of 30 June, IWM London presented *The Night Before the Somme*. Exploring the themes of love, fear, hope and courage, the event reveals personal stories and items from IWM's collection through a free programme of film, music, talks, theatre and poetry, as well as screenings of *The Battle of the Somme*, where visitors can hear from a panel of experts as they discuss one of the most powerful and iconic films in British cinema. At IWM North an illuminated projection on the exterior of our iconic building also took place to mark this momentous anniversary.

At IWM North our major exhibition this year is *Fashion on the Ration: 1940s Street Style*. Following a successful run at IWM London the exhibition has been redesigned and opened in May 2016 to mark the 75th anniversary of the introduction of clothes rationing in wartime Britain. This exhibition is followed by *The Enemy: The Wars of Wyndham Lewis*, the first major UK retrospective exhibition for almost 40 years of this controversial British artist, author, satirist and thinker. Opening in June 2017, the exhibition will occur

on the 60th anniversary of Lewis's death and a hundred years after his commission as an official war artist in 1917, forming an important part of our First World War Centenary programme.

At Churchill War Rooms we are upgrading the exhibition *Undercover: Life in Churchill's Bunker* which takes a closer look at the people who lived through the Second World War and worked with Churchill in the subterranean Cabinet War Rooms.

Our IWM Contemporary season continues at IWM London with the opening of *IWM Contemporary: Ed Barber, Peace Signs* in May 2016. This exhibition features acclaimed documentary photographer, Edward Barber's photographs of the anti-nuclear protest movement in 1980s Britain. This will be followed by *IWM Contemporary: Mahwish Chishty* showcasing the artists' striking paintings of drones and modern war machines 'camouflaged' with traditional Pakistani folk imagery. This summer, *Edmund Clark: War of Terror* will bring together several series of work by award-winning artist-photographer Edmund Clark which look at the experiences of detention at Guantanamo Bay, living under a Control Order in the UK, and the process of Extraordinary Rendition.

In late 2017 *State of Emergency* at IWM London will be our first major exhibition exploring how artists have responded to war and conflict since the seismic events of September 11 2001. The attack on the Twin Towers and other targets was a key turning point in the public perception and understanding of contemporary conflict. Since this moment, war and conflict have become increasingly crucial subject matter for international contemporary artists. This exhibition will explore and highlight their varied approaches to important themes that have emerged around conflict in the last fifteen years. Also in late 2017 an additional 'life chapter' will be added to the Churchill Museum, in the Churchill War Rooms, dedicated to looking at the role and influence of Churchill in the Middle East.

4.2 Increase our financial sustainability

One of the key drivers of our strategic change programme is to build our financial sustainability through changing our ways of working and effectively managing our fixed costs. Along with achieving greater efficiencies, building net profit will be a primary lever in ensuring that we are financially sustainable over the long term. Key projects over this period are our phased CRM and IWM membership programmes along with the continued success of our commercial activity (through corporate events, retail, public catering, licensing and publishing activity).

High profile, brand building opportunities such as our First World War Centenary Partnership are crucial to the long-term success of IWM and over this period we will continue to lead our Centenary Partnership, deliver our First World War Centenary programme and plan for the legacy of the Partnership beyond 2018. Alongside this, we will focus on building and maintaining a strong network of supporters and influencers for the next phase of Transforming IWM London which sees us continue the full transformative change at IWM London by creating new Second World War and Holocaust Galleries.

Along with increasing self-generated income and net profit, we will also continue to deliver our Estates Strategy, seeking to address a backlog in capital maintenance,

systems and infrastructure projects. Our Corporate Plan 2016–19 makes significant provision for the highest priority estate work and we will continue to invest using this risk-based approach until our lifecycle works are up to date.

4.3 Effective stewardship of our collection

We care for an extraordinary collection of art, documents, film, photographs, books, sound recordings and objects for generations to come. Our founding mission, to collect material to illustrate the common experience of war and record the individual experiences of the millions who took part in the First World War, means that our collections contain 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.

Over this period we will continue to care for our collection and prioritise the material we make accessible to the widest possible audience. This will include digitisation activity to preserve and make accessible targeted parts of our collection. Our collections management approach is increasingly responsive, so that our world-leading collection remains relevant, dynamic, accessible and usable to our audiences. This can be seen in our programme for developing our contemporary collections. Our conservation programme will focus on an extensive survey of HMS *Belfast* (the largest object in our collection) and the conservation of large objects, including aircraft, held at IWM Duxford.

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. In addition 2015–16 includes the activities of the newly formed IWM Film Production Ltd. The Consolidated Statement of Financial Activities is to be found on page 58.

The accounts are presented in accordance with the provisions of the new Statement of Recommended Practice (SORP) recently introduced. The change in accounting treatment as regards income recognition has necessitated the restatement of figures for the previous financial year. This increases the net restricted income for last year by £0.87 million and the combined net income to £4.64 million as a result. In comparison net incoming resources for this year, after depreciation but before revaluation changes, were a deficit of £0.232 million, a change of £4.872 million year on year.

This change is made up of an increase in the net unrestricted funds of £2.305 million, after transfers, and a reduction in restricted funds of £7.177 million.

The increase in net unrestricted funds is due partly to an increase in income. This is masked by a lower Grant-in-Aid settlement in the previous year, with a planned return of funds that had been advanced for cash flow purposes two years previous. Admissions income at the charging branches increased by 7.8 per cent compared to 2014–15. The most significant contributor to this was the Churchill War Rooms which achieved record numbers of visitors for the second year running.

The net unrestricted income is after providing for ongoing costs of the change programme, including a review of pay and grading for staff, as well as an estimate of the value of staff annual leave untaken at the year end, a requirement of the new SORP. A grant of unrestricted funds of £3 million has been made to the IWM Development Trust this year as well.

The net profit from commercial activities has seen a decrease from that achieved in the previous year when profits had more than doubled. This is due partly to the overall decrease in visitor numbers impacting activities and the decline in interest in the First World War centenary from the peak level of 2014. The return of £5.1 million is still a significant result and in line with the strategic objective for commercial income.

Net restricted income fell by £7.177 million compared to the previous year. This was due chiefly to the decrease in funding received for capital projects. 2014 saw the completion and opening of the first phase of the Transforming IWM London project, and specifically the new First World War Galleries. This was supported by a successful fundraising campaign, the pledges to which were redeemed to a large extent by the end of last year and which now have been almost completely fulfilled. Increases to expenditure reflect income received for specific purposes, such as that supporting educational activities and the 14-18 NOW cultural programme.

Overall the level of funds carried forward at 31 March 2016 increased by £25.295 million in comparison to an increase of £8.211 million in the previous year. The increase this year is due entirely to the revaluation gain on fixed assets as assessed at 31 March 2016.

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 2016.

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 2015–16 was 81 per cent (81 per cent in 2014–15).

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)	2015–16	2014–15	% change
Access			
Number of visits to IWM (excluding corporate hospitality guests and virtual visitors)*	2,539	2,814	-10%
Number of unique website visits	5,290	5,517	-4%
Audience profile			
Number of visits by children under 16 visiting IWM	528	617	-14%
Number of overseas visitors	1,000	957	4%
Learning and outreach			
Number of facilitated and self-directed visits to IWM by children under 18 in formal education	168	177	-5%
Number of instances of children under 18 in on-site organised activities	198	162	22%
Visitor satisfaction			
Percentage of visitors who would recommend a visit	99%	96%	-
Income generation			
Admissions income (gross)	£9,525	£8,837	8%
Trading net profit	£5,105	£5,720	-11%
Fundraising income**	£10,436	£19,820	-47%
Regional engagement			
Number of UK loan venues (<i>exact number reported</i>)***	88	99	-11%

* In 2014–15 IWM London was temporarily closed whilst major redevelopment works were underway until 18 July 2014. We experienced a significant increase in visitor numbers to IWM London following the re-opening of the branch. This accounts for some of the year on year variance in visitor numbers.

** Fluctuation in fundraising is primarily attributed to major project fundraising campaigns. Please note that the figure for 2014–15 has been restated as required by the new Charities Accounting SORP.

*** The decrease in loan venues reflects a reduced number in-year compared with a high level of loan requests in 2014–15 for the Centenary of the First World War. The reduction also reflects our strategy to reduce the number of long-term loans. Please note that the 2014–15 figure has been restated as the figure reported last year was calculated as cumulative total over a two year period.

6. Human resources policies

Our HR policies and strategic change programme seek to ensure we create and support a workforce structure that is both flexible and sustainable. In April 2015 our new staff structure was implemented. Our newly formed Executive Leadership Team is a small group of Executive Directors responsible and accountable for the achievement of business objectives across IWM (all five of our branches). Our new structure supports a cultural shift where our staff move and work more collaboratively across the organisation. This has addressed a historical issue of departments and branches working in silos and is resolving the inefficiencies and frustrations that arise out of such a working culture. Following this period of transition we are seeing very positive outcomes.

In the past year we have launched a Cultural Change Ambassador Network. This dedicated group of staff from various disciplines and departments across the organisation are supported by our Executive Leadership Team. Over the past year they have been meeting and working with all colleagues across IWM to generate practical ideas on how to make IWM a better place to work in. We also seek to develop and make the best use of the knowledge and skills of our workforce and are revising our Training and Development Strategy with the view of launching a new portfolio of opportunities for staff from 2017.

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 2016 (and for those declared), 5.6 per cent of our staff considered themselves to have a limiting disability and 6.4 per cent of staff 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. This gender profile is similar to that of our senior executive and management structure. Our Executive Leadership Team membership reflects a constitution of 50 per cent female and 50 per cent male (this includes our Director-General, Diane Lees), while our Senior Management Team is made up of 56 per cent female and 44 per cent male Assistant Directors.

The total number of staff sick days has increased this past year, largely due to a rise in the instances of colds and flu. Short and medium-term sick leave averaged at 3.81 days for 2015–16 compared to 1.01 days for 2014–15. This is a disappointing result as over the past few years we have achieved an incremental decrease in sick absence days since 2012–13 when the average was 3 days. We have monitored staff morale and wellbeing closely this past year as the change programme and staff restructure has been an unsettling period for many staff. Our new ways of working and corporate-wide structure is bringing many benefits and being positively embraced by staff and stakeholders.

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. As part of the change programme, our strategy is being reviewed in the upcoming year to ensure that we maintain a strong strategic steer around access to IWM and our collection and the diversity of our audiences and workforce.

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. In March 2016 we took part in Disabled Access Day, offering a full programme of events at IWM London and IWM North. 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 the second phase of *Transforming IWM London*. 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 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 2015–16.

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 Greenhouse gas emissions

We are registered and are in compliance with the Government Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. Across our five branches, we measure and monitor consumption and make this information available to the public through Display Energy Certificates. Furthermore, energy consumption reduction is a corporate priority, measured as one of our Key Performance Indicators and reported to senior management and our Board of Trustees.

It is worth noting that the nature of our estate and the age, condition and variety of the historic buildings in our care, presents us with a significant challenge. The estate we manage is considerable, comprising of 114 buildings, an operational airfield dating back to the First World War, a Second World War Cruiser and Churchill's wartime bunker beneath Whitehall. Our Estates Strategy sets out a roadmap for the long-term management of our buildings, historic sites and infrastructure systems, with sustainability and efficiency being key considerations.

Through our phased lifecycle maintenance programme, we are progressively updating outdated plant and equipment with new energy-efficient systems. Most recently with the implementation of energy saving measures and large scale upgrades to the building and plant of IWM London, we have seen a 6 per cent decrease in gas, oil and electricity use overall (kWh) and a 10 per cent reduction in scope 1 greenhouse emissions. This is when 2015–16 consumption is compared with that in 2012–13, the year which the redevelopment of IWM London commenced. Variables such as visitor footfall and weather conditions were comparable over these periods. This is an encouraging indicator that our strategy for reducing consumption through masterplan projects, lifecycle maintenance programmes and other energy saving measures is taking us in the right direction. Utility cost reduction and environmentally aware solutions are also central ambitions for our future Collection Management schemes.

Greenhouse gas emissions (actual)	2015–16 actual	2014–15 actual	% change year on year	2013–14 actual	2012–13 actual
Scope 1: total emissions (tCO ₂ e)	1,554	1,167	33%	1,256	1,730
Scope 1: emissions from gas consumption (tCO ₂ e)	948	851	11%	581	947
Scope 1: emissions from oil consumption (tCO ₂ e)	557	539	3%	616	n/a
Scope 1: emissions from organisational-owned fleet vehicles (tCO ₂ e)	49	50	-2%	60	56
Scope 2: Energy consumed (kWh) electricity, gas and oil consumption combined (<i>rounded up to nearest 000's</i>)	19,686	18,384	7%	16,862	20,946

Greenhouse gas emissions Financial expenditure '000s	2015–16 actual	2014–15 actual	% change year on year	2013–14 actual	2012–13 actual*
CRC Energy Efficiency Scheme	£124	£127	-2%	£81	£95
Carbon offset purchases	£0	£0	-	£0	£0
Scope 1: expenditure of emissions from organisation-owned fleet vehicles (gross)	£20	£24	-17%	£30	£28
Scope 2: expenditure of energy consumed (kWh) electricity, gas and oil consumption combined	£1,383	£1,439	-4%	£1,282	£1,375
Electricity expenditure	£1,198	£1,188	1%	£1,035	£1,009
Gas expenditure	£185	£251	-26%	£248	£366
Scope 3: Total expenditure of official business travel (subdivided below)*	£221	£179	23%	£176	£172
Air travel **	£11	£8	38%	£2	£1
Rail and underground **	£131	£107	22%	£97	£94

Bus or coach **	£4	£3	33%	£11	£10
Hire car or taxi **	£22	£18	22%	£26	£25
Private vehicle **	£53	£43	23%	£43	£42

* Increased expenditure in this area reflects the fact that following our strategic change programme we have a smaller pool of staff, but staff travel has increased as all staff have a corporate remit and are frequently deployed to travel between our five branches.

** Please note that the 2015–16 figures provided are calculated based on the ratios of historical spend (periods 2014–15 and 2013–14 were based on actual budget spend). The reason for this being that 2015–16 has been a transitional year as we prepare to roll out an automated expenses module that will breakdown expenditure on travel by type.

7.2 Waste management and minimisation

We continue to work in partnership with our waste services providers to reduce the volume of waste sent to landfill and achieve higher levels of recycling. Our waste contractors ensure that all waste generated is responsibly sorted and disposed of so that our impact on waste to landfill is minimal and the bulk of waste from our daily museum operations, large-scale visitor events (such as air shows), corporate hospitality and the maintenance of our grounds is recycled, composted and if appropriate, waste material is reused. Sustainable solutions also include our participation in waste-to-energy schemes, where energy created from remaining waste that cannot be recycled is channelled back into the National Grid.

7.3 Finite resource consumption

We are actively taking measures to conserve water, paper and other scarce or non-renewable resources by investing in efficient systems and technologies.

Since the start of 2015–16 we have seen a decrease in print usage following the introduction of a PaperCut print management system across IWM which requires our staff to activate all print jobs with their staff pass. This small change in behaviour has had a demonstrable return and is encouraging a more responsible use of resource. New efficiency measures include grayscale printing by default, enforced double-sided printing, routing large jobs to the most cost effective devices and the technology to track print and associated costs by individual user, office or department. Since introducing this system, we have saved 64,000 sheets of paper from unreleased print jobs. This is the equivalent of 288 kg CO₂ (greenhouse gases that would be released in the production of wasted paper) and over 18,000 equivalent bulb hours (this being the manufacturing energy of the paper saved represented as the energy consumed by a standard light bulb in hours).

Consumption of water over this period shows an increase of 40 per cent on last year which is an ongoing legacy of the interruption of services during the Transforming IWM London project in 2013–14 and part of 2014–15. During the construction phase of the project, our water supply was switched off. Following the reconnection of the service, it was some time before an accurate water meter reading was taken. We also saw a spike

in visitor numbers following the re-opening of IWM London which increased water consumption – the impact of which is reflected in the figures below. At IWM Duxford we also had an elapsed period of accurate water meter readings, which means that the figures for expenditure and volume of water consumed are not accurate indicators of actual annual performance.

Waste minimisation and finite resource consumption	2015–16 actual	2014–15 actual	% change year on year	2013–14 actual	2012–13 actual
Total standard waste arising (tonnes) *	559	531	5%	303	310
Waste sent to landfill (tonnes)*	21	21	0%	13	7
Waste recycled or reused (tonnes) *	218	234	-7%	125	82
Composted waste (tonnes) *	22	9	144%	6	0
Percentage of waste recycled and composted *	43%	46%	-7%	43%	27%
Waste incinerated to convert to energy (tonnes)*	297	268	11%	160	221
Average waste produced per annum per visitor and full time equivalent staff (kilograms)*	0.32	0.19	68%	0.28	0.22
Average waste recycled, reused or composted per annum per visitor and full time equivalent staff (kilograms)*	0.14	0.08	75%	0.12	0.06
Finite resources, water (in cubic metres / m ³)** (<i>rounded up to nearest 000's</i>)	68	48	42%	40	38

* Waste reporting figures above 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. Please note that expenditure for waste in the table below includes HMS *Belfast* (but not Churchill War Rooms).

** The water consumption figure above excludes Churchill War Rooms as the data is not available (This service is independently managed by HMT as Churchill War Rooms is situated in the basement of the Treasury).

Waste minimisation and finite resource consumption Financial expenditure '000s	2015–16 actual	2014–15 actual	% change year on year	2013–14 actual	2012–13 actual
Total expenditure on waste disposal	£100	£73	37%	£60	£72
Expenditure of waste sent to landfill	£3	£3	0%	£3	£2
Expenditure of waste recycled	£42	£32	31%	£25	£19
Expenditure of waste incinerated	nil	nil	nil	nil	nil
Expenditure of waste converted to energy	£53	£37	43%	£32	£51
Expenditure of water supplied	£136	£104	31%	£106	£72

The year on year increase in waste disposal (in terms of volume and expenditure) is largely attributed to two exceptional activities at IWM Duxford over the past year. Record breaking numbers attended our air show in September 2015 – our most successful air display to date. This has had an impact on the volume of waste generated at the site. Following the appointment of new contract caterers at IWM Duxford there was a wide-scale refurbishment of the café and event spaces between December 2015 and March 2016, resulting in an increase of waste from the strip-out of these spaces.

7.4 Procurement

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

7.5 Exhibition delivery

By its very nature, exhibition production and the related programme of loans has an associated carbon footprint, particularly where airfreight is involved. This is an area where there has been much focus to introduce best sustainable practice. We acknowledge that our mission to make our collection as widely accessible as possible has an impact on the environment (through our loans out programme and through loans in for temporary exhibitions). To offset this, we recycle and reuse equipment and building material wherever possible in all our exhibition fit outs. For example *Fashion on the Ration: 1940s Street Style* closed at IWM London at the end of August 2015 and launched at IWM North in May 2016. This means that various elements of the exhibition (such as mounts, mannequins, interactives, acrylic showcases, some graphics, showcase furniture and frames) have been transferred to, and will be reused in IWM North's major exhibition for 2016.

All timber that is procured is from sustainable sources, with suppliers required to provide us with certificates to validate this. Our exhibition materials are sourced from local suppliers so as to reduce fuel delivery consumption, while 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 continuing a phased programme of replacing exhibition lighting with more efficient LED lighting schemes.

We continue to share practice within the sector by participating in a 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 this forum.

7.5 Print buying policy

Our policy is to use FSC-certified or recycled paper for our printed publications. We work with suppliers who can demonstrate a commitment to sustainability, for example through environmental policies and accreditations.

 Air Chief Marshal Sir Stuart Peach GBE KCB ADC DL Chairman of the Trustees Date 6 July 2016	 Diane Lees CBE FMA FRSA Director-General and Accounting Officer
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8. Reference and administrative details of the charity, the Trustees and advisers

8.1 Addresses

IWM London

Lambeth Road
London SE1 6HZ

IWM North

The Quays
Trafford Wharf Road
Manchester M17 1TZ

IWM Duxford

Cambridgeshire CB22 4QR

Churchill War Rooms

Clive Steps
King Charles Street
London SW1A 2AQ

HMS *Belfast*

The Queen's Walk
London SE1 2JH

Website

iwm.org.uk

8.2 Principal advisers

Solicitors

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

Principal bankers

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

Barclays Bank
Leicester
Leicestershire
LE87 2BB

8.3 Audit

Under statute, the Comptroller and Auditor General is the principal auditor of IWM's consolidated accounts for the year ended 2015–16. The audit fee in respect of this work was £41,000.

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

Imperial War Museum Film Production Limited

Kingston Smith
Devonshire House
60 Goswell Road
London EC1M 7AD

Internal audit

RSM
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
Diane Lees CBE
Catharine Pusey
Tamsin Todd

8.5 The Imperial War Museum Film Production Limited

The Imperial War Museum Film Production Limited (registration number 9612995) was incorporated on 28 May 2015. The principal activity of the Company is to engage in the production and distribution of commercial film, including 14-18 NOW: First World War Centenary Art Commissions and IWM co-commissioned film projects.

8.6 Director-General and Accounting Officer

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

8.7 Members of the Board of Trustees of the Imperial War Museum

President

His Royal Highness The Duke of Kent KG GCMG GCVO

Vice President and Chairman

Sir Francis Richards KCMG CVO DL (to 1 April 2016)

Deputy Chairman

Lieutenant General Sir John Kiszely KCB MC DL*

Board Members

Lord Ashcroft of Chichester KCMG PC
Lord Black of Brentwood (to 30 June 2015)
Rear Admiral Amjad Hussain CB
Tim Marlow (from 1 March 2016)
Dame Judith Mayhew Jonas DBE*
ACM Sir Stuart Peach GBE KCB ADC DL
Paul Potts CBE (from 1 March 2016)
Sir John Scarlett KCMG OBE*
Professor Sir Hew Strachan PhD FRSE
Tamsin Todd
Dr Jonathan Watkins (to 31 July 2015)
Peter Watkins
Matthew Westerman
Sir Nick Williams (to 16 March 2016)
His Excellency The Hon Alexander Downer (High Commissioner for Australia)
His Excellency Gordon Campbell (High Commissioner for Canada)
His Excellency Navtej Sarna (High Commissioner for India) (from March 2014)

His Excellency The Hon Sir 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 The High Commissioner for Sri Lanka

** Members of the Trustees' Audit Committee*



Air Chief Marshal Sir Stuart Peach GBE KCB
ADC DL
Chairman of the Trustees

Date 6 July 2016



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 Executive Directors' pay. The Executive Directors 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 five members of the Executive Directors team listed below during 2015–16 or 2014–15. Pay rises were capped at 1.25 per cent for all Directors in 2015–16. The pay of the Director-General and of the Executive Directors is subject to benchmarking on a periodic basis.

9.2 Remuneration (including salary) and pension entitlements

The audited salary and pension entitlements of senior staff with corporate responsibilities as at 31 March 2016 were as follows:

Single total figure of remuneration										
	Salary* (£'000)		Bonus payments (£'000)		Benefits in kind** (to nearest £100)		Pension benefits (£1,000)		Total (£1,000)	
	2015- 16	2014- 15	2015- 16	2014- 15	2015- 16	2014- 15	2015- 16	2014- 15	2015- 16	2014- 15
D Lees Director General	140- 145	140- 145	18	17	nil	nil	45	38	205- 210	195- 200
J Card Executive Director of Collections and Governance (from 1 st April 2015) Director of Business & Governance (to 31 st March 2015)	95- 100	90- 95	nil	nil	nil	nil	56	19	150- 155	110- 115
G Etheridge Change Director and (between 1 st April to November 8 th 2015) Acting Executive Director of Museum and Visitor Services	85-90	n/a	nil	nil	nil	nil	37	nil	120- 125	n/a
G Perry Executive Director of Museum and Visitor Services	30-35 (FTE: 85-90)	nil	nil	nil	nil	nil	13	nil	45-50 (FTE: 105- 110)	nil

(from 9 th November 2015)										
G Webber Executive Director of Content and Programmes (from 11 th January 2016)	20-25 (FTE: 95-100)	nil	nil	nil	nil	nil	9	nil	30-35 (FTE: 105-110)	nil
A Stoneman Acting Director of Duxford & Director of Corporate Services (until 14 th September 2015)	40-45 (FTE 90-93)	90-95	nil	nil	nil	nil	13	99	55-60 (FTE- 105-110)	190-195

For 2015–16 and 2014–15, 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 Executive Directors in the year.

The Director-General and Executive Directors 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.

The Acting Director of Duxford and Corporate Services, Alan Stoneman, left his role in early April. IWM continued to pay Mr Stoneman until approval was received from the Cabinet Office, on Monday 7 September, for the payment of his exit package. From 1 April, until the Executive Director of Museum and Visitor Services, Gregory Perry, was appointed, the role was covered by the Graeme Etheridge, Change Director, as Acting Executive Director of Museum and Visitor Services. Graeme Etheridge was not a member of the Executive Leadership team in 2014–15. His remuneration payments are included in the table above for 2014–15 for comparative purposes.

No compensation payments were made to Executive Directors during the year; one made to a senior manager in 2014–15 is included below in the table under 9.8, in the comparative column. 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 2015–16 or 2014–15 Travel and subsistence expenses paid to six Trustees amounted to £5,138 (this was £5,453 in 2014–15)

9.3 Pay multiples

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.

	2015-16	2014-15
	£'000	£'000
Band of highest paid director's total remuneration	160-165	160-165
Median total remuneration	£25,660	£25,076
Ratio	6.33	6.48

The banded remuneration of the highest-paid director in IWM in the financial year was £160,000 – £165,000 (2014–15, £160,000 – £165,000). This was 6.33 times (6.48 in 2014–15) the median remuneration of the workforce, which was £25,660 (£25,076 in 2014–15).

In 2015–16, no employees (2014–15, 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.

9.4 Pension Benefits

	Accrued pension at pension age as at 31/3/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/16	CETV at 31/3/15	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
D Lees Director General	37 plus lump sum of nil	3	609	522	35	nil
J Card Executive Director of Collections and Governance	26 plus lump sum of 77	3 plus lump sum increase of 8	579	486	55	nil
G Etheridge Acting Executive Director Museum and Visitor Services (1 st April - 9 th November 2015)	4 plus lump sum of nil	2	43	n/a	15	nil
G Perry Executive Director Museum and Visitor Services (from 10 th November 2015)	nil plus lump sum of nil	1 plus lump sum of nil	10	nil	8	nil
G Webber Executive Director Contents and Programmes (from 11 th January 2016)	1	1	6	nil	4	nil
A Stoneman * Acting Director of Duxford & Director of Corporate Services (until 14/09/15)	45 plus lump sum of 134	1 plus lump sum of 2	905	878	11	nil

9.5 Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants, and the majority of those already in service, joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60, and one providing benefits on a whole career basis (nuvos), with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were in 10 years of their normal pension age on 1 April 2012, remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years 5 months from their normal pension age on 1 April 2012 will switch to alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha will have their PCSPS benefits “banked”, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a “money purchase” stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3 per cent and 8.05 per cent of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6 per cent and 8.05 per cent for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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 for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during the period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent if their pensionable earnings in that scheme year and the accrued pension is uprated in line with the Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent up to 30 September 2015 and 8 per cent and 14.75 per cent from 1 October 2015 (depending on age of the member) into a stakeholder pension product chosen by the employee from a panel of

providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary up to 30 September 2015 and 0.5 per cent of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

9.6 Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent 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 membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

9.7 Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation figures for the start and end of the period.

9.8 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)	2 (nil)	2 (nil)
£10,000–£25,000	nil (nil)	1 (7)	1 (7)
£25,000–£50,000	nil (nil)	2 (7)	2 (7)
£50,000–£100,000	nil (nil)	4 (9)	4 (9)

£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)	nil (1)	nil (1)
Total number of exit packages	nil (nil)	9 (24)	9 (24)
Total resource cost / £	nil (nil)	£348,057 (£1,250,515)	£348,057 (£1,250,515)

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).

 Air Chief Marshal Sir Stuart Peach GBE KCB ADC DL Chairman of the Trustees Date 6 July 2016	 Diane Lees CBE FMA FRSA Director-General and Accounting Officer
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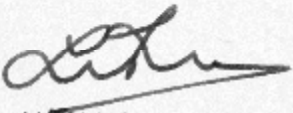
10. Statement of Trustees' and Director-General's responsibilities

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.

 Air Chief Marshal Sir Stuart Peach GBE KCB ADC DL Chairman of the Trustees Date 6 July 2016	 Diane Lees CBE FMA FRSA Director-General and Accounting Officer
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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, and a public benefit entity.

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 RSM, an independent company which operates within the government Internal Audit Standards. External independent sources of assurance are provided by The National Audit Office, and Kingston Smith, who audit our Trading Company.

11.2.2 Board of Trustees

Membership

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

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

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

process, which is regulated by the Office of the Commissioner for Public Appointments. Trustees are appointed in the first instance for a term of up to four years. The Vice-President and Chairman of the Board is elected – in accordance with the provisions of the Imperial War Museum Act 1920 - by the Trustees from among their number to lead Board meetings and to represent the Board and IWM day to day.

Three Trustees retired from the Board during 2015–16: Lord Black of Brentwood, Jonathan Watkins and Sir Nick Williams. In succession, Paul Potts and Tim Marlow joined the Board on 1 March 2016.

Induction policies and procedures

New Trustees are issued with an induction pack which includes information about our founding legislation, current management agreement with DCMS, HM Treasury's Handbook: *Regularity and Propriety*, as well as IWM's Corporate Governance Code and the Board of Trustees' Code of Conduct. The induction pack includes all relevant IWM strategy and masterplan documents, our latest Corporate Plan and published Annual Report and Account. Induction visits take place where new Trustees attend one-to-one meetings with the Chairman of the Board, our Director-General, Executive Directors and key members of staff, and have the opportunity to visit and tour our five branches.

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 approving strategic direction, the Board of Trustees monitors our performance and the progress of our Corporate Plan. 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), Art Commissions Committee and Remuneration Committee. At its meeting in March 2016 the Board agreed the establishment of a Nominations Committee which will take the lead in Trustee appointments.

11.2.3 Committees

- The Audit Committee advises the Director-General and the Board of Trustees on the adequacy of audit arrangements, risk management and internal control. It regularly reviews risk management, including risks relating to our major projects programme. The Board of Trustees in turn reviews the effectiveness of our risk management process on an annual basis. The Committee recommends the Annual Report and Account for approval to the main Board and is responsible for policy review. It reviews internal and external audit reports, and agrees an internal audit strategy that is responsive to our strategic and key operational risks. Annually the Committee receives a report from IWM Duxford's Flight Safety Committee, and IWM's Health and Safety Report.
- 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.
- The Nominations Committee will take the lead in Trustee appointments and provide a representative of the Board to sit on appointments panels.

11.2.4 Executive Teams

Following our strategic change review (which commenced in late 2013), three newly formed corporate divisions were established and a restructured staffing model introduced in April 2015. Our new corporate divisions now fall under the directorship of three Executive Directors. They are:

- Visitor and Museum Services
- Collections and Governance
- Content and Programmes

IWM's corporate governance structure and effectiveness were reviewed as part of the change programme and, from April 2015, the following governance structure has been in place:

The Executive Leadership Team

Our Executive Leadership Team (ELT) is responsible for the strategic leadership of IWM.

Membership includes the Director-General (chair) and Executive Directors.

ELT are tasked with setting IWM's strategic direction in agreement with our Board of Trustees. They monitor the use of public funds, ensure that best value for money is delivered and approve major projects and investment. The team maintain an overview of the compliance and regulatory systems of IWM. They are responsible for ensuring that the safeguards and controls we have in place effectively manage our risks, assets and funds. ELT ratify key areas of IWM policy and process, prior to presentation to the Board of Trustees for final approval.

They are supported in the implementation of our strategic and regulatory function by our Senior Management Team.

The Senior Management Team

Our Senior Management Team (SMT) is a tactical, decision-making forum for prioritising resource.

Membership includes the Assistant Directors and Heads of our corporate departments (who represent key disciplines and functions across IWM). The chair is rotated on a regular basis.

The team is responsible for coordinating budget and staff resource to ensure that we deliver our Corporate Plan activities and our highest strategic priorities. They actively manage the system of controls determined by ELT, prepare strategy documents and recommend policy changes to ELT. SMT coordinate our key business processes and information including the preparation of the Corporate Plan, progress and evaluation reports (such as Quarterly Reports), Health and Safety reports and the implementation of internal audit recommendations.

Our current priority is the ongoing, successful delivery of our change programme and both ELT and SMT are committed to embedding the new staff structure and supporting organisational culture change.

Strategic Planning Boards

Five Strategic Planning Boards support SMT in the delivery of our strategic priorities. The Boards are chaired by Assistant Directors and report back to SMT on the detailed work they undertake with regard to:

- Visitor Experience and Engagement
- Commercial and Financial Sustainability
- Strategy and External Relations
- Public Programming
- Collections Management and Interpretation

Our new governance structure supports a fresh and dynamic way of working for the organisation. The structure will facilitate closer cross-departmental working and collaboration and in doing so, will ensure that resource is directed to our highest strategic objectives.

11.3 Annual review

11.3.1 Board of Trustees

The Board of Trustees approved IWM's Corporate Plan 2016–19, the Annual Report and Account for 2014–15 and a number of acquisitions for the collection with a value above £100k. It has monitored our financial performance and progress against Corporate Plan 2015–18 and carried out an annual review of risk management. The Board has received annual reports from the Audit Committee and Directors of the Trading Company.

Key areas of business considered and approved include:

- IWM's major projects including the second phase of Transforming London (and the redevelopment of our Holocaust and Second World War Galleries and creation of a new Learning Centre), IWM Duxford masterplan and the redevelopment of the American Air Museum at IWM Duxford
- Our Collections Development programme and Contemporary Art Collecting
- Implementation of the IWM Change Programme
- IWM's bid to the Holocaust Commission for the creation of a Holocaust Memorial and Learning Centre at IWM
- Physical and IT Security

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

11.3.2 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.

The Executive Directors report on the progress of their Corporate Plan objectives via their quarterly reports, with the key issues and developments summarised in reports issued to the Board of Trustees on a quarterly basis.

11.3.3 Audit Committee

Over the course of the year, the Audit Committee has carried out its regular review of the organisational strategic risk register and the project risk register for IWM Change Programme. A revised and updated Risk Management strategy was endorsed in May to reflect changes resulting from the staffing restructure. IWM's Internal Audit Strategy for 2016–17 was approved and the progress of internal audits for the current year, as well as outstanding recommendations from prior audits, have been monitored. Annual assurances from IWM Duxford's Flight Safety Committee and the Health and Safety Annual Report were received and IWM's Annual Report and Accounts were recommended for approval. No changes were deemed to be necessary to the Committee's Terms of Reference, which are now reviewed annually. Sir John Scarlett stood down as chair of Audit in November 2015 and was succeeded by Lt General Sir John Kiszely.

11.3.4 Board and Committee 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 74 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	50%
HE Gordon Campbell (or representative)	50%
HE The Hon Alexander Downer	100%
HE Syed Ibne Abbas (or representative)	25%

Rear Admiral Amjad Hussain	50%
Lt General Sir John Kiszely	100%
HE Sir Lockwood Smith (or representative)	100%
HE Navtej Sarna (or representative)	25%
Tim Marlow	100%
Dame Judith Mayhew Jonas	100%
HE Obed Mlaba (or representative)	0%
Sri Lankan High Commission representative	0%
Air Chief Marshal Sir Stuart Peach	75%
Sir Francis Richards (Chair to 1 April 2016)	100%
Paul Potts	100%
Sir John Scarlett	75%
Professor Sir Hew Strachan	100%
Tamsin Todd	100%
Jonathan Watkins	0%
Peter Watkins	75%
Matthew Westerman	100%
Sir Nick Williams	75%

The Audit Committee meets four times a year and attendance is reported to the Board at each meeting and 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 (Chair from 2 December 2015)	100%
Rear Admiral Amjad Hussain	100%
Lynn Krige (co-opted)	100%
Dame Judith Mayhew Jonas	100%
Sir John Scarlett (Chair to 30 November 2015)	67%

Matthew Westerman	100%
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The Art Commissions Committee has met once during the year and individual membership attendance is reported below:

Committee Member	Attendance
Jonathan Watkins (Chair)	100%
Fiona Bradley*	0%
Paul Seawright	100%
Diane Lees	100%
Kathleen Palmer	100%

* There have been no meetings since Fiona Bradley was appointed to the Art Commissions Committee

Over the past year, there has been no departure from the Corporate Governance Code⁴.

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 2016 review found that the Board was effective in all areas, with no significant weaknesses. The diversity of the Board continues to pose the greatest concern to Trustees. At their away day in February 2016, and in the context of their governance review, a skills audit was carried out and the Board's Succession Plan was updated. The Director-General presented plans and priorities for the year ahead and Trustees concluded that the strategic focus for 2016–17 would be Learning and Engagement, Human Resources and Collections Storage.

⁴ IWM's Corporate Governance Code brings together the powers and responsibilities recorded in legislature, regulations laid down by Parliament, HM Treasury (HMT) and the Department for Culture, Media and Sport and the Charity Commissioners, together with current applicable elements of recommended good practice from HMT.

11.4 Internal accountability mechanisms

11.4.1 Executive managers

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

Management accounts are reviewed by budget holders on a monthly basis. It is the Assistant Directors' responsibility to ensure that monthly management reports in their area 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 we are introducing a series of management checks, designed to be appropriate for each respective activity of IWM. The checks are carried out by designated staff, with Assistant Directors and Executive Directors supporting and supplementing their findings via a formal, quarterly return. This system has been under review this past year so as to reflect the new staff structure and ensure that the checks are relevant and effective.

ELT and SMT 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' interests is maintained and is available for public inspection via our 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. Over the past year, IWM's Board of Trustees has complied with their duty in section 11 of the Charities Act of 2011 to have due regard to guidance published by the Charity Commission.

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 risks⁵. These are; the serious deterioration in financial resources, IWM's audience stagnates and declines, an inefficient and outmoded infrastructure, the loss or damage to our collection and other assets, our collection, research, knowledge and understanding not developed, serious harm to people, low staff motivation and productivity, the breach of laws, regulations, standards and security and the risk of significant business interruption.

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. ELT determine whether our overall risk profile is commensurate with our risk appetite and report it for approval to the Audit Committee annually.

11.5.1 Risk profile

Our responses to emerging issues as they relate to our highest strategic risks are summarised below:

- A sustained red rating for the risk for 'serious deterioration in financial resources' reflects the scale of the challenge we face in achieving our long-term financial sustainability. Our strategic change programme has delivered reductions in our fixed costs and we are also achieving increased net profit through the continued implementation of our commercial strategy. Our three-year Corporate Plan funds our highest priorities and is focused on increasing commercial revenue and profit. The last Comprehensive Spending Review announced a flat cash rate for Grant-in-Aid until 2019–20, reducing the short-term risk of further cuts to government funding. However, this risk remains a significant challenge to us, owing to a difficult funding environment and greater reliance on self-generated income.

⁵ 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

- The overall residual risk rating for 'inefficient and outmoded infrastructure' has remained at a high level to reflect the fact that the funding provision until now has only addressed immediate and highest priority challenges. We anticipate that we will see this position improving as our strategic change programme, when fully bedded, will create greater investment capacity with which to implement our estate and infrastructure strategy and with additional support from DCMS for backlog maintenance in 2016–17.
- The risk around staff motivation has been elevated to a high level while our strategic change programme has been implemented this past year. This reflects the uncertainty and flux experienced around the introduction of a restructured staff model. We anticipate that this risk will improve as the change programme is fully implemented and we begin to work in fresh, new ways. In the meantime ELT and SMT fully support the embedding of the new staff structure and the work that is taking place to bring about cultural and organisational change.
- A comprehensive hazard and risk analysis was carried out following the tragedy at Shoreham and in the context of activity at IWM Duxford air shows. We have continued to work closely with the Civil Aviation Authority (CAA) to ensure that new measures and regulations are implemented. New overflight restrictions were introduced for the remaining air shows in 2015 and further changes will be made in 2016 as a result of the CAA review. An annual report from the IWM Duxford Flight Safety Committee was presented to the Audit Committee in April 2016 and provides assurance on the safety and security of air shows and that the necessary additional measures imposed by CAA have all been actioned.

Our strategic risk register and the direction of travel are monitored at regular intervals to ensure that emerging threats and opportunities are monitored, 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 Executive Director of Collections and Governance, with an annual statement of assurance for the system they are responsible for. An audit of IT systems is carried out by our Information Technology Security Officer (Chief Information Officer) in order to provide a statement of assurance to the SIRO. Information Management audits are undertaken by the Museum Archive as part of IWM 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 challenge continues to be increased threats to IT security. With the growth of our digital holdings and the number of transactions that we process over our network, we see cyber-crime as a major threat to the safeguarding of our assets and the information we hold.

The threat of terrorist activity and the risk that this poses to our visitor numbers is an emerging threat which has the potential to disrupt our buoyant overseas numbers and the way the public seeks to spend their time at large public attractions or events.

IT security

The Board of Trustees consider the threat of cyber-crime and a breach in IT security to be a serious matter. Risks and control measures relating to IWM's IT security are embedded within each of IWM's existing strategic risks as this threat has the potential far-reaching repercussions across our organisation. Investment has been allocated to ensure that appropriate security measures are in place and that our IT infrastructure supports our business objectives. The Chief Information Officer made a presentation to the Board of Trustees on the risk approach to maintaining and managing IT security across the organisation.

Terrorism threat

Historically the risk around significant business interruption has been high, commensurate with the heightened terrorism threat in the UK and internationally. While this threat has been fairly dormant over the last few years, recent incidents in Paris and Brussels may be a major deterrent against visiting the UK. It may also change how potential visitors spend their leisure time; seeking to avoid European metropolises or major attractions across the UK. The impact that a perceived terrorist threat in Europe may have on our audience levels is being closely monitored.

11.6 Internal Audit assessment

As part of our internal audit plan, Internal Auditors RSM has carried out several reviews this past year. The Internal Auditors provide an annual report on progress against the internal audit plan for 2015–16. 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.

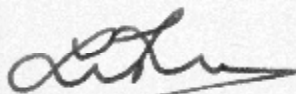
Overall, the opinion provided is that IWM has adequate and effective governance, risk management and internal control measures in place.

11.7 Assurance Statement

The Audit Committee are reasonably confident that the reliability, integrity, quality and comprehensiveness of the assurances provided by 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. On the basis of the assurance provided by our Audit Committee and executive management, IWM's Board of Trustees and Accounting Officer are reasonably confident that IWM has a sound system of governance, leadership and control in place.

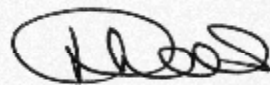
The Audit Committee will continue to draw to the Board's and Accounting Officer's attention any matters of serious concern, but at the time of writing this report, there are no material uncertainties related to events or conditions that cast significant doubt on our ability to continue to operate.

No significant internal control issues have arisen over the course of the past year.



Air Chief Marshal Sir Stuart Peach GBE KCB
ADC DL
Chairman of the Trustees

Date 6 July 2016



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 2016 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated and Museum Statements of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Trustees, 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 Imperial War Museum's affairs as at 31 March 2016 and of its Net Expenditure 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 Museum and Galleries Act 1992; and
- the information given in 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
Comptroller and Auditor General

Date 13 July 2016

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

IMPERIAL WAR MUSEUM ACCOUNT 2015-16

Consolidated Statement of Financial Activities for the year ended 31 March 2016

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Restated Unrestricted funds £'000	Restated Restricted funds £'000	Restated Total 2015 £'000
Income and endowments from:							
Donations and legacies							
Grant-in-Aid	2a	17,586	6,284	23,870	14,598	1,240	15,838
External funds	2b	881	6,102	6,983	1,425	13,834	15,259
Lottery funding		-	2,723	2,723	-	4,059	4,059
Donated objects and services		-	730	730	-	502	502
		18,467	15,839	34,306	16,023	19,635	35,658
Other trading activities							
Income from commercial activities	13	10,019	-	10,019	9,914	-	9,914
Fees		1,426	211	1,637	1,755	251	2,006
Royalties	13	618	-	618	1,264	-	1,264
Disposals of assets		32	-	32	26	3	29
		12,095	211	12,306	12,959	254	13,213
Investments	3	41	1	42	30	1	31
Charitable activities							
Admissions		9,525	-	9,525	8,837	-	8,837
Total income and endowments		40,128	16,051	56,179	37,849	19,890	57,739
Expenditure on:							
Raising funds							
Fundraising and publicity		2,403	453	2,856	2,898	1,210	4,108
Commercial costs	13	6,065	18	6,083	5,584	499	6,083
		8,468	471	8,939	8,482	1,709	10,191
Charitable activities							
Education, exhibitions and visitor services		15,398	7,948	23,346	15,330	5,015	20,345
Building care and preservation		6,812	6,638	13,450	8,288	5,625	13,913
Collections management and conservation		6,687	427	7,114	7,493	614	8,107
Grants	14	3,000	467	3,467	-	463	463
Purchases for the collection		56	39	95	65	15	80
		31,953	15,519	47,472	31,176	11,732	42,908
Total expenditure	5	40,421	15,990	56,411	39,658	13,441	53,099
Net income/(expenditure)	4	(293)	61	(232)	(1,809)	6,449	4,640
Transfers between funds		2,027	(2,027)	-	1,238	(1,238)	-
Other recognised gains							
Gains on revaluation of fixed assets		4,373	21,154	25,527	322	3,249	3,571
Net movement in funds		6,107	19,188	25,295	(249)	8,460	8,211
Reconciliation of funds:							
Total fund balances brought forward at 1 April 2015		29,939	175,473	205,412	30,188	167,013	197,201
Total fund balances carried forward at 31 March 2016	18	36,046	194,661	230,707	29,939	175,473	205,412

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.

All income and expenditure is due to continuing activities.

The 2014-15 figures have been restated following the adoption of the Charities SORP FRS102 (see note 25).

The notes on pages 62 to 81 form part of these accounts

IMPERIAL WAR MUSEUM ACCOUNT 2015-16

Museum Statement of Financial Activities for the year ended 31 March 2016

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Unrestricted funds £'000	Restated Restricted funds £'000	Restated Total 2015 £'000
Income and endowments from:							
Donations and legacies							
Grant-in-Aid	2a	17,586	6,284	23,870	14,598	1,240	15,838
External funds	2b	5,954	5,453	11,407	7,078	12,427	19,505
Lottery funding		-	2,723	2,723	-	4,244	4,244
Donated objects and services		-	735	735	-	505	505
		23,540	15,195	38,735	21,676	18,416	40,092
Other trading activities							
Income from commercial activities		1	-	1	2	-	2
Fees		1,704	211	1,915	2,051	237	2,288
Royalties		-	-	-	-	-	-
Disposals of assets		32	-	32	26	3	29
		1,737	211	1,948	2,079	240	2,319
Investments							
	3	33	1	34	18	1	19
Charitable activities							
Admissions		9,525	-	9,525	8,837	-	8,837
Total income and endowments		34,835	15,407	50,242	32,610	18,657	51,267
Expenditure on:							
Raising funds							
Fundraising and publicity		2,403	453	2,856	2,900	1,210	4,110
Commercial costs		11	5	16	-	-	-
		2,414	458	2,872	2,900	1,210	4,110
Charitable activities							
Education, exhibitions and visitor services		14,327	7,956	22,283	13,708	4,805	18,513
Building care and preservation		6,812	6,638	13,450	8,289	5,705	13,994
Collections management and conservation		6,687	427	7,114	7,493	614	8,107
Grants	14	3,022	1,638	4,660	1,360	463	1,823
Purchases for the collection		57	39	96	64	15	79
		30,905	16,698	47,603	30,914	11,602	42,516
Total expenditure	5	33,319	17,156	50,475	33,814	12,812	46,626
Net income/(expenditure)		1,516	(1,749)	(233)	(1,204)	5,845	4,641
Transfers between funds		408	(408)	-	783	(783)	-
Other recognised gains							
Gains on revaluation of fixed assets		4,373	21,154	25,527	322	3,249	3,571
Net movement in funds		6,297	18,997	25,294	(99)	8,311	8,212
Reconciliation of funds:							
Total fund balances brought forward at 1 April 2015		30,141	175,262	205,403	30,240	166,951	197,191
Total fund balances carried forward at 31 March 2016	18	36,438	194,259	230,697	30,141	175,262	205,403

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.

All income and expenditure is due to continuing activities.

The 2014-15 figures have been restated following the adoption of the Charities SORP FRS102 (see note 25).

The notes on pages 62 to 81 form part of these accounts

IMPERIAL WAR MUSEUM ACCOUNT 2015-16

Consolidated and IWM Balance Sheets as at 31 March 2016

	Notes	Consolidated 2016 £'000	Restated 2015 £'000	IWM 2016 £'000	Restated 2015 £'000
Fixed assets					
Tangible assets	7	226,163	205,697	226,163	205,697
Heritage assets	8	5,884	4,409	5,884	4,409
Investments	13	-	-	600	600
		<u>232,047</u>	<u>210,106</u>	<u>232,647</u>	<u>210,706</u>
Current assets					
Stock	9	730	693	-	-
Debtors	10	4,825	3,372	4,666	2,800
Cash at bank and in hand	11	11,786	5,838	11,670	5,688
		<u>17,341</u>	<u>9,903</u>	<u>16,336</u>	<u>8,488</u>
Current liabilities					
Creditors: amounts falling due within one year	12a	(8,477)	(6,367)	(8,082)	(5,561)
Short Term Loan	12e	(1,417)	-	(1,417)	-
		<u>(9,894)</u>	<u>(6,367)</u>	<u>(9,499)</u>	<u>(5,561)</u>
Net current assets		<u>7,447</u>	<u>3,536</u>	<u>6,837</u>	<u>2,927</u>
Total assets less current liabilities		<u>239,494</u>	<u>213,642</u>	<u>239,484</u>	<u>213,633</u>
Creditors: amounts falling due after more than one year	12b	(5,954)	(6,154)	(5,954)	(6,154)
Long term Loan	12e	(2,833)	(2,000)	(2,833)	(2,000)
Provisions for liabilities and charges	12f	-	(76)	-	(76)
		<u>(8,787)</u>	<u>(8,230)</u>	<u>(8,787)</u>	<u>(8,230)</u>
Net assets		<u>230,707</u>	<u>205,412</u>	<u>230,697</u>	<u>205,403</u>
Represented by:					
Restricted funds					
Restricted funds	18	129,277	129,181	128,875	128,970
Restricted funds buildings revaluation		65,384	46,292	65,384	46,292
		<u>194,661</u>	<u>175,473</u>	<u>194,259</u>	<u>175,262</u>
Unrestricted funds:					
Designated funds	18	23,551	23,330	23,583	23,361
Designated funds buildings revaluation		14,556	10,274	14,556	10,274
		<u>38,107</u>	<u>33,604</u>	<u>38,139</u>	<u>33,635</u>
General funds	18	2,204	490	2,564	661
Finance Lease Reserve		(4,265)	(4,155)	(4,265)	(4,155)
		<u>(2,061)</u>	<u>(3,665)</u>	<u>(1,701)</u>	<u>(3,494)</u>
Total funds		<u>230,707</u>	<u>205,412</u>	<u>230,697</u>	<u>205,403</u>

Air Chief Marshal Sir Stuart Peach GBE KCB
ADC DL
Chairman of the Trustees

Date 6 July 2016

Diane Lees CBE FMA FRSA
Director-General and
Accounting Officer

The notes on pages 62 to 81 form part of these accounts

Consolidated statement of cash flows for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities:	20a	8,560	12,131
Net cash provided by operating activities			
Cash flows from investing activities:			
Interest received	3	42	31
Purchase of tangible fixed assets		(4,253)	(13,394)
Cash inflows from short term deposits		-	4,649
Net cash (used in) investing activities		(4,211)	(8,714)
Cash flows from financing activities:			
Interest element of Loan payments		(44)	(17)
Interest element of finance lease rental payments		(363)	(400)
Repayment of Capital element of finance lease rental		(244)	(353)
Cash inflows from long term Loans		2,250	2,000
Net cash provided by financing activities		1,599	1,230
Change in cash and cash equivalents in the reporting period			
	20b	5,948	4,647
Cash and cash equivalents at the beginning of the reporting period			
	20c	5,838	1,191
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and cash equivalents at the end of the reporting period			
	11	11,786	5,838

The notes on pages 62 to 81 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 Financial Reporting Standard 102, Statement of Recommended Practice "Accounting and Reporting by Charities", the Treasury's Financial Reporting Manual (FReM), the Charities Act and applicable accounting standards. The particular accounting policies adopted by the Trustees are described below.

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

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

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

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand.

The Charities SORP FRS 102 has been adopted for the first time when preparing these financial statements. The transition date was 1 April 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 March 2015. An explanation of how transition to Charities SORP FRS102 has affected the reported financial position and financial performance is given in note 25.

(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) Income and endowments

All income is recognised in the statement of financial activities when the museum becomes entitled to the funds, any restriction attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be reliably measured.

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 charitable activities and costs of raising funds.

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

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

Costs of raising funds

Costs of raising 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 raising 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").

(e) Heritage assets continued

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

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 102 - Section 17, *Property, Plant and Equipment*, 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, plant and machinery and fit-out)	- by external professional valuation at least every five years and using appropriate indexation in the intervening years.
Equipment	- equipment comprises IT/electronic items. As IT assets are low in value and have short lives, depreciated cost is deemed to be suitable proxy for current value and are therefore not subject to indexation.
Permanent exhibitions	- historic depreciated cost. Permanent Exhibitions have not been revalued as their current cost is equal to their actual cost, but the life of these assets are reviewed annually to reflect their true value.

Impairment reviews are carried out when there is an indication of impairment of the asset, either in the market value, physical damage or if the asset has become obsolete.

(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 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. 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.

(o) Imperial War Museum Film Production Company Limited

IWM Film Production Company Limited is a wholly owned subsidiary of the Trustees of the Imperial War Museum. The company was incorporated on 28 May 2015. The authorised share capital of the company is 1 share of £1 each. A summary of the income and expenditure account is provided in note 13.

2a Grant in Aid

£23,870K of Grant-in-Aid (from the Department for Culture, Media and Sport) has been received during the year (2014-15 £15,838K). This represents 42% of the annual expenditure in running the organisation. The balance of funding needs, including most capital improvements, is delivered from resources that are self-generated. £2,156K of the Grant-in-Aid was restricted for refurbishment and renewals of buildings, plant and equipment and the digitisation programme £2,050K for 14-18 NOW (the Cultural Programme for the Centenary of the First world War), £2,000K to support learning activities and their development and £78K for the War Memorials Archive.

	2016 £'000	Restated 2015 £'000
2b Donations and legacies		
Grants and donations	6,430	14,616
Sponsorship	543	640
Legacies	10	3
	6,983	15,259

The total of £6,983K is split between the IWM (£6,303K) and the Imperial War Museum Trading Company (£680K).

The 2014-2015 figure for income from Grants and donations has been restated to include an additional £870K, that was previously treated as deferred income. This is income that should have been recognised as probable, due to the change in Charities SORP (see note 25).

	2016 £'000	2015 £'000
3 Investment income		
Interest receivable	42	31
	42	31

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

The interest is split between the IWM (£34K) and the Imperial War Museum Trading Company (£8K).

	2016 £'000	2015 £'000
4 Net income/(expenditure)		
Net income/(expenditure) before transfers of £(233)K, (2014-15 (Restated £4,641K)) are stated after charging:		
Auditors remuneration	41	39
National Audit Office - IWM consolidated accounts		
Kingston Smith LLP - Imperial War Museum Trading Company	13	12
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	3	4
Hire purchase on equipment	41	35
Operating leases - equipment	133	185
Operating leases - Land and buildings	256	293
Interest payable on finance lease	363	400
Depreciation of owned assets	6,952	6,894
Depreciation of assets held under finance leases	166	253
Impairment of owned assets	-	77
Provision/ (release of provision) for bad debts	(3)	9

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

	Staff costs £'000	Other costs £'000	Depreciation and Impairment £'000	2016 Total £'000	Restated 2015 Total £'000
5 Total expenditure					
Raising Funds					
Fundraising and publicity	1,211	1,625	20	2,856	4,108
Commercial costs	3,101	2,966	16	6,083	6,083
	4,312	4,591	36	8,939	10,191
Charitable activities					
Education, exhibitions and visitor services	7,340	14,143	1,863	23,346	20,345
Building care & preservation	358	8,067	5,025	13,450	13,913
Collections management and conservation	5,623	1,297	194	7,114	8,107
Other grants	-	3,467	-	3,467	463
Purchases for the collection	-	95	-	95	80
	13,321	27,069	7,082	47,472	42,908
Total resources expended	17,633	31,660	7,118	56,411	53,099

Resources expended are shown after eliminations on consolidation of transactions between IWM, Imperial War Museum Trading Company, and the Imperial War Museum Film Production of £8,018K (2014-15 £8,873K).

The 2014- 15, expenditure figures have been restated under FRS 102 SORP to reallocate governance costs of £299k as a support cost across other activities (see note 25).

5 Total expenditure (continued)

	2016 £'000	Restated 2015
		£'000
* Governance costs		
Internal audit	42	35
External audit	54	52
Staff costs	163	174
Other strategic costs	59	38
	318	299
Raising funds		
Fundraising and publicity	25	24
Commercial costs	16	15
	41	39
Charitable activities		
Education, exhibitions and visitor services	158	128
Building management	6	10
Collections management and conservation	113	122
	277	260
	318	299

	Direct costs £'000	Allocated support costs £'000	2016 Total £'000	2015 Total £'000
5a Division of direct and indirect expenditure				
Raising funds				
Fundraising and publicity	2,353	503	2,856	4,108
Commercial costs	6,067	16	6,083	6,083
	8,420	519	8,939	10,191
Charitable activities				
Education, exhibitions and visitor services	15,247	8,099	23,346	20,345
Building care and preservation	12,948	502	13,450	13,913
Collections management and conservation	4,804	2,310	7,114	8,107
Other grants (Note 14)	3,467	-	3,467	463
Purchases for the collection	95	-	95	80
	36,561	10,911	47,472	42,908
Total resources expended	44,981	11,430	56,411	53,099

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 commun- ication £'000	Subtotal 2016 £'000
Raising funds					
Fundraising and publicity	7	18	52	100	177
Commercial	-	-	16	-	16
	7	18	68	100	193
Charitable activities					
Education, exhibitions and visitor services	47	113	561	775	1,496
Building care and preservation	2	4	12	23	41
Collections management and conservation	34	80	237	453	804
	83	197	810	1,251	2,341
	90	215	878	1,351	2,534
Allocated					
Support costs					
Allocation of support					
	Facilities management £'000	Depreciation £'000	Support salary costs £'000	Total 2016 £'000	
Raising funds					
Fundraising and publicity	-	20	306	503	
Commercial	-	-	-	16	
	-	20	306	519	
Charitable activities					
Education, exhibitions and visitor services	4,530	101	1,972	8,099	
Building care and preservation	381	7	73	502	
Collections management and conservation	-	97	1,409	2,310	
Purchases for the collection	-	-	-	-	
	4,911	205	3,454	10,911	
	4,911	225	3,760	11,430	

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

	2016	2015
6 Staff costs	£'000	£'000
Salaries and wages	13,612	13,514
Temporary / agency staff	173	255
National Insurance	1,005	1,022
Superannuation	2,564	2,416
Early retirement and early exit costs	279	1,251
Provision for early retirement and early exit	-	79
	17,633	18,537

In addition £55K (including £9K for Superannuation) of staff costs relating to staff working exclusively on capital projects was capitalised in 2015-16(2014-15 £213K).

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 2015-16, employers' contributions of £2,469,653 were payable to the PCSPS (2014-15 £2,358,862) at one of four rates in the range 20 to 24.5% 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 2015-16 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 **£104K** were paid to one or more of a panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5% of pensionable pay up to 30 September 2015 and 8% and 14.75% from 1 October 2015. Employers also match employee contributions up to 3% of pensionable pay. In addition employer contributions of 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 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 **£11K**. Contributions prepaid at that date were nil.

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants, and the majority of those already in service, joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60, and one providing benefits on a whole career basis (**nuvos**), with a normal pension age of 65.

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**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were in 10 years of their normal pension age on 1 April 2012, remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years 5 months from their normal pension age on 1 April 2012 will switch to **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** will have their PCSPS benefits "banked", with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha**, the figure quoted is the combined value of their benefits in the two schemes). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a "money purchase" stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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 for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during the 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 the Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except for a 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:

	2016 No	2015 No
£60,001 - £70,000	1	4
£70,001 - £80,000	5	5
£80,001 - £90,000	1	-
£90,001 - £100,000	1	4
£100,001 - £110,000	-	-
£110,001 - £120,000	1	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-

The number of staff paid above £60K (2014-15 nil) to whom retirement benefits are accruing under defined contribution schemes is nil and under defined benefit schemes is 10 (2014-15 14).

Please see the Remuneration report on page 37 of the Annual Report for more details of senior staff costs.

Total remuneration of Managerial staff was £1,356,150 (2014-15, £1,116,648).

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

	Permanent staff	Temporary Staff	Managerial staff	2016 Total No of staff	2015 Total No of staff
Education, exhibitions and visitor services	209	3	6	218	213
Building care & preservation	6	-	1	7	11
Collections management and conservation	132	1	4	137	155
Trading / Commercial	54	1	1	56	50
Fundraising and publicity	28	2	2	32	31
	429	7	14	450	460

In addition to the above, there was the Full Time Equivalent of 1 member of staff directly employed to work on capital projects and their costs have been capitalised.

The Managerial Staff are the members of the Museum's Executive Leadership Team, which consists of the Director General and three Executive Directors, and the Senior Management Team which consists of ten Assistant Directors.

Trustees

The Chairman and Board of Trustees received no remuneration for their services during 2015-16. Travel, subsistence and entertainment expenses paid to four Trustees amounted to £5,137 (2014-15 £5,453 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 2015	25,893	112,657	39,669	18,476	172
Additions	-	152	200	-	671
Transfers between categories	-	-	-	-	(13)
Transfer to current	-	-	-	-	(17)
Revaluation	3,705	12,771	363	3,226	-
Disposals	-	-	-	(92)	-
Value at 31 March 2016	29,598	125,580	40,232	21,610	813
Depreciation at 1 April 2015	-	2,469	1,980	1,144	-
Provided in year	-	2,040	1,729	1,082	-
Depreciation due to revaluation	-	(2,377)	(1,838)	(927)	-
Disposals	-	-	-	-	-
Depreciation at 31 March 2016	-	2,132	1,871	1,299	-
Net book value at 31 March 2016	29,598	123,448	38,361	20,311	813
Net book value at 1 April 2015	25,893	110,188	37,689	17,332	172

Consolidated tangible fixed assets (continued)	Exhibitions £'000	Equipment £'000	Assets held under finance lease £'000	Total £'000
Cost/valuation at 1 April 2015	32,197	6,655	4,947	240,666
Additions	764	385	-	2,172
Transfers between categories	13	-	-	-
Transfer to current	-	-	-	(17)
Revaluation	-	-	375	20,440
Disposals	-	(89)	-	(181)
Value at 31 March 2016	32,974	6,951	5,322	263,080
Depreciation at 1 April 2015	21,620	5,974	1,782	34,969
Provided in year	1,663	438	166	7,118
Depreciation due to revaluation	-	-	54	(5,088)
Disposals	-	(82)	-	(82)
Depreciation at 31 March 2016	23,283	6,330	2,002	36,917
Net book value at 31 March 2016	9,691	621	3,320	226,163
Net book value at 1 April 2015	10,577	681	3,165	205,697

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.

The IWM Duxford was revalued on 31 March 2016 and IWM London was revalued on 31 March 2015, 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.

All tangible fixed assets are used for charitable activities.

In accordance with Financial Reporting Standard 102 - Section 17, *Property, Plant and Equipment*, 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 2015 £'000	Net book value at 31 March 2016 £'000	Basis of valuation
IWM London, Lambeth Road, London SE1 including Gate Lodge, Lambeth Road, London SE1	Long leasehold Freehold	81,448	93,793	Depreciated replacement cost Depreciated replacement cost
All Saints Annexe, Austral Street, London SE11	Freehold	3,093	3,734	Existing use
Duxford Airfield, Cambridgeshire	Freehold	71,310	77,186	Depreciated replacement cost
Ickleton Film Store, Cambridgeshire	Long Leasehold	4,053	4,077	Depreciated replacement cost
IWM North, Manchester	Long Leasehold	26,615	27,828	Depreciated replacement cost
HMS Belfast, London SE1	Long Leasehold	2,805	3,234	Existing use
Churchill War Museum, London SW1	Long Leasehold	4,943	5,189	Depreciated replacement cost

	Acquisition at historic costs £'000	Donated assets at valuation £'000	Total £'000
8a Heritage assets			
Cost/valuation at 1 April 2015	3,255	1,154	4,409
Additions	1,213	262	1,475
Disposals	-	-	-
Value at 31 March 2016	<u>4,468</u>	<u>1,416</u>	<u>5,884</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 2015-16 were valued at £262K comprising assets and equipment capitalised in the IWM's Balance Sheet (2014-15 £502K). 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

	2015-16 £'000	2014-15 £'000	2013-14 £'000	2012-13 £'000	2011-12 £'000
Additions					
Purchases	<u>1,213</u>	<u>88</u>	<u>44</u>	<u>28</u>	<u>72</u>
Donations	<u>262</u>	<u>502</u>	<u>11</u>	<u>15</u>	<u>-</u>
Total additions	<u>1,475</u>	<u>590</u>	<u>55</u>	<u>43</u>	<u>72</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, including 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 powerful 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.	93,088 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 33,700 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 conflict.	369 items
Film: 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.	194,846 film elements
Photographs: The archive contains approximately 11 million images from official, press agency and private photographers. IWM is the official repository for relevant photographs under the terms of the Public Records Act 1958.	18,427 photograph collections
Library: The heritage assets include maps, proclamations and rare books.	105,983 items
Library: 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 215,000 items

Where documentation backlogs are known to exist current estimates have been used.

The reduction in the number of items held in the library reference collection is due to the managed exit of duplicate or otherwise unsuitable material. Ongoing prioritised acquisition in Art, Photographs and the sound collection has led to increases in these figures.

8d Collections Development 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 Collections Development Policy is based upon the requirements of the Arts Council England Accreditation Standard and it 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 collections, archives of documents, film, photographs and sound recordings, 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 and have been comprehensively reviewed and revised in 2015.

IWM is committed to developing and maintaining a centralised and accessible collections 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 digital 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

Collections care priorities are determined through a risk management approach and in accordance with corporate priorities: balancing programmes 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
Data Protection Act (1998)
Freedom of Information Act (2000)
Accreditation Scheme for Museums and Galleries in the United Kingdom: Accreditation Standard, Arts Council England (2011)
Government Indemnity Scheme Guidelines for national institutions, Arts Council England (2012)
SPECTRUM: The UK Museum Documentation Standard, Collections Trust (4.0, 2011)
Code of Practice on Archives for Museums and Galleries in the United Kingdom (2002)
Control of Substances Hazardous to Health Regulations, 2002
Health and Safety at Work Act (1974)
Management of Health and Safety at Work Regulations (1999)
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (1995)
Copyright and Related Rights Regulations, 2003
Copyright, Designs and Patents Act, 1988
Ionising Radiation Regulations, Environment Agency, 1999
Human Tissue Act, 2004
Firearms Act, Home Office (1968), and Firearms Security Handbook (2005)
The Control of Asbestos Regulations, HSE UK (2010)
Misuse of Drugs Regulations, Home Office (2001 and later revisions)
Manufacture and Storage of Explosives Act, Home Office (2005)
Joint Service Publication (JSP) 482 - Ministry of Defence Explosives Regulations
ADR, European Agreement concerning the International Carriage of Dangerous Goods by Road, 2013
Registration, Evaluation, Authorisation & restriction of Chemicals (REACH) (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
Disposal Toolkit, Museums Association (2008)

National standards and guidelines

PAS 198: Specification for managing environmental conditions for cultural collections
Benchmarks in Collections Care for Museums, Archive and Libraries checklist; Museums, Libraries and Archives Council, (version 2, 2011)
UK Institute of Conservation's Professional Guidelines and Code of Ethics (2008)
British Standards Institution (2012)
PD 5454:2012 Guide for the storage and exhibition of archival materials

8e Collections management policies and procedures (continued)

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

Collections Development Policy (2015)
 Collections Management Policy (2015)
 Documentation Strategy (2015)
 Due Diligence Policy (2015)
 Entry Procedure (2010)
 Loans In Procedure (2014)
 Acquisition and Accession
 Labelling and Marking
 Inventory
 Location and Movement Procedure (2015)
 Cataloguing
 Condition Checking
 Condition Reporting
 Conservation
 Insurance and Indemnity
 Valuation
 IPR Management
 Collections Management Policy (2015)
 Exit Procedure (2010)
 Loans Out Procedure (2011)
 Loss Policy and Procedure (2011)
 Damage
 Disposal and Deaccession
 Labelling and Marking
 Due Diligence
 Use of Collections
 Transport
 Risk Management

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 professionally trained nor widely 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, loan venues and external storage locations, 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 trends around anniversaries, such that all First World War items (a significant subset of IWM's holdings) will appear at inflated prices in the years of the centenary. We see similar patterns around items relating to anniversaries of significant events and individuals.
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 an ongoing 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 if it was determined that delivered a public benefit.

9 Stock

Stock consists of retail goods and IWM Publications

	Group 2016 £'000	Group 2015 £'000	IWM 2016 £'000	IWM 2015 £'000
10a Debtors				
Amounts falling due within one year				
Trade debtors	1,640	1,482	173	114
Other debtors	85	103	85	103
Amount owed by Imperial War Museum Trading Company Ltd	-	-	1,203	669
VAT debtor	724	505	1,053	831
Prepayments and accrued Income	2,385	1,294	2,153	1,084
Provision for bad debts	(9)	(12)	(1)	(1)
Total debtors falling due within one year	<u>4,825</u>	<u>3,372</u>	<u>4,666</u>	<u>2,800</u>
	-	-	-	-
Total Debtors	<u>4,825</u>	<u>3,372</u>	<u>4,666</u>	<u>2,800</u>

Group - Accrued Income includes £88K from the Heritage Lottery Fund and £1,340K from the American Air Museum in Britain.

	Group 2016 £'000	Group 2015 £'000	IWM 2016 £'000	IWM 2015 £'000
10b Intra-Government debtor balances				
Balances with other central government bodies	1,021	728	1,339	1,048
Balances with local authorities	2	3	-	-
Balances with public corporations and trading funds	8	6	-	-
Balances with bodies external to government	3,794	2,635	3,327	1,752
Total debtors	<u>4,825</u>	<u>3,372</u>	<u>4,666</u>	<u>2,800</u>

	2016 Total £'000	2015 Total £'000
11 Cash at bank and in hand		
Imperial War Museum	11,670	5,688
Imperial War Museum Trading Company Limited	116	150
	<u>11,786</u>	<u>5,838</u>

	Group 2016 £'000	Restated Group 2015 £'000	IWM 2016 £'000	Restated IWM 2015 £'000
12a Creditors				
Amounts falling due within one year				
Trade creditors	828	614	794	563
Other creditors	630	589	630	589
Amounts owing to the Imperial War Museum Trading Company	-	-	-	62
Amounts owing to the Imperial War Museum Production Film Company	-	-	9	-
Obligations under finance lease	165	244	165	244
Accruals and deferred income	6,854	4,920	6,484	4,103
Total creditors falling due within one year	<u>8,477</u>	<u>6,367</u>	<u>8,082</u>	<u>5,561</u>
12b Amounts falling due after more than one year				
Obligations under finance lease	5,173	5,338	5,173	5,338
Deferred income	781	816	781	816
Total creditors falling due after more than one year	<u>5,954</u>	<u>6,154</u>	<u>5,954</u>	<u>6,154</u>
Total creditors	<u>14,431</u>	<u>12,521</u>	<u>14,036</u>	<u>11,715</u>

Included in deferred income is £781K 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.

The re-stated 2015 amounts take into account a amounts previously deferred now not allowed under SORP FRS102 (see note 25).

IMPERIAL WAR MUSEUM ACCOUNT 2015-16

	Group 2016 Total £'000	Restated Group 2015 Total £'000	IWM 2016 Total £'000	Restated IWM 2015 Total £'000
12c Intra-Government creditor balances				
Balances with other central government bodies	658	714	658	713
Balances with local authorities	243	8	243	8
Balances with public corporations and trading funds	3	1	3	1
Balances with bodies external to government	13,527	11,798	13,132	10,993
Total creditors	<u>14,431</u>	<u>12,521</u>	<u>14,036</u>	<u>11,715</u>

12d Obligations under finance leases

At 31 March 2016 IWM had commitments under finance leases as set out below:

	2016 Building £'000	2016 Exhibitions £'000	2016 Total £'000	2015 Total £'000
Finance lease obligations: payments due				
Within one year	-	165	165	244
in the second to fifth year	-	916	916	819
in more than five years	-	4,257	4,257	4,519
	<u>-</u>	<u>5,338</u>	<u>5,338</u>	<u>5,582</u>

	Group 2016 £'000	Group 2015 £'000	IWM 2016 £'000	IWM 2015 £'000
12e Loans				
Amounts falling due within one year				
Short Term loan	1,417	-	1,417	-
Amounts falling due after more than one year				
Long term loan	2,833	2,000	2,833	2,000
	<u>4,250</u>	<u>2,000</u>	<u>4,250</u>	<u>2,000</u>

The Museum received two loans from Department for Culture, Media and Sport £2,000K in July 2014 and £500K in April 2015 for the IWM London Regeneration project and £1,750K in April 2015 for the Change Programme. 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 1.3% and 0.68%

	Balance as at 1 April 2015 £'000	Additions in year £'000	Provision reversed £'000	Balance as at 31 March 2016 £'000
12f Provisions for liabilities and charges				
Early exit scheme	76	-	(76)	-
Early retirement costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	76	-	(76)	-
Amounts falling due within one year				-
Amounts falling due after more than one year				-
Total provisions				<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(a) 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.

	2016 £'000	2015 £'000
Profit and loss account		
Turnover	12,074	12,684
Cost of goods sold	(7,258)	(8,013)
Gross profit	4,816	4,671
Other operating income	1,830	2,651
	6,646	7,322
Administrative expenses	(1,550)	(1,613)
Operating profit	5,096	5,709
Interest receivable	9	11
Profit	5,105	5,720
Amount paid to IWM under gift-aid	(5,105)	(5,720)
Profit on ordinary activities after gift-aid	-	-

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

Turnover	12,074	12,684
Intercompany transactions	(52)	(98)
Included in trading income per SOFA	10,018	9,914
Included in fees income per SOFA	1,386	1,408
Included in royalties per SOFA	618	1,264
External funds	1,830	2,651
Intercompany transactions	(1,150)	(1,360)
Included in external funds per SOFA	680	1,291
Cost of goods sold	7,258	8,013
Intercompany transactions	(49)	(96)
Included in commercial costs (£6,067K) and education (£1,142K) per SOFA	7,209	7,917
Indirect costs	1,550	1,613
Intercompany transactions	(1,550)	(1,613)
	-	-
Interest receivable	9	11
Intercompany transactions	-	-
Included in investment income per SOFA	9	11

	2016 £'000	2015 £'000
Balance sheet		
Current assets	2,536	2,472
Current liabilities	(1,927)	(1,863)
Net assets	609	609
Called up share capital	600	600
Profit and loss account	9	9
Capital and reserves	609	609

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.

13(b) IWM Film Production Company Limited

The IWM Film Production Company is the legal entity behind the forthcoming IWM and 14-18 NOW film commission planned for 2016-17.

	2016 £'000	2015 £'000
Profit and loss account		
External funds	42	-
Administrative expenses	(42)	-
Operating profit	-	-

Reconciliation of results of the Film Production company to the Consolidated Statement of Financial Activities

External funds	42	-
Intercompany transactions	(42)	-
	-	-
Indirect costs	42	-
Intercompany transactions	(42)	-
	-	-

	2016 £'000	2015 £'000
Balance sheet		
Current assets	9	-
Current liabilities	(9)	-
Creditors: amounts falling due after more than one year	-	-
Net assets	-	-
Called up share capital	-	-
Profit and loss account	-	-
Capital and reserves	-	-

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 £467K.

In 2015-16 The Trustees of the IWM approved a grant of unrestricted reserves to the Imperial War Museum Development Trust, an independent charity, of £3M.

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 outstanding capital commitments, authorised by the Board of Trustees but not yet contracted of £2,319K, (2014-15 £NIL) .

At the balance sheet date, the IWM had outstanding capital commitments contracted but not provided of 479K, (2014-15 £NIL).

16a Commitments under operating leases

At 31 March 2016 IWM had annual commitments under non cancellable operating leases as set out below:

	2016 Land and other buildings £'000	2015 Land and other buildings £'000	2016 Equipment £'000	2015 Equipment £'000
Operating leases which expire:				
Within one year	89	102	33	23
In the second to fifth years inclusive	-	-	-	122
Over five years	170	133	77	-
	259	235	110	145

16b Commitments under hire agreements

At 31 March 2016 IWM had annual commitments under non cancellable hire agreements as set out below:

	2016 Equipment £'000	2015 Equipment £'000
Hire agreements which expire:		
Within one year	7	5
In the second to fifth years inclusive	56	14
Over five years	-	-
	<u>63</u>	<u>19</u>

17 Contingent liabilities

There are no contingent liabilities

	Restated At 1 April 2015 £'000	Income £'000	Expenditure £'000	Revaluations/ capital restructure £'000	Transfers £'000	At 31 March 2016 £'000
18 Consolidated statement of funds						
Unrestricted funds						
<i>Designated funds:</i>						
Buildings, collections, equipment and exhibitions	23,330	983	(762)	-	-	23,551
Buildings revaluations	10,274	-	(91)	4,373	-	14,556
Collections	-	56	(56)	-	-	-
Total designated funds	<u>33,604</u>	<u>1,039</u>	<u>(909)</u>	<u>4,373</u>	<u>-</u>	<u>38,107</u>
General funds	481	39,089	(39,402)	-	2,027	2,195
Finance lease reserve	(4,155)	-	(110)	-	-	(4,265)
IWM Trading Company reserve	9	-	-	-	-	9
	<u>(3,665)</u>	<u>39,089</u>	<u>(39,512)</u>	<u>-</u>	<u>2,027</u>	<u>(2,061)</u>
Total unrestricted funds	<u>29,939</u>	<u>40,128</u>	<u>(40,421)</u>	<u>4,373</u>	<u>2,027</u>	<u>36,046</u>
Restricted funds						
Buildings, collections, donated objects equipment and exhibitions	127,045	2,907	(4,095)	-	(621)	125,236
Buildings revaluations	46,292	-	(2,062)	21,154	-	65,384
Tied funds	2,136	13,144	(9,833)	-	(1,406)	4,041
Total restricted funds	<u>175,473</u>	<u>16,051</u>	<u>(15,990)</u>	<u>21,154</u>	<u>(2,027)</u>	<u>194,661</u>
Total funds	<u>205,412</u>	<u>56,179</u>	<u>(56,411)</u>	<u>25,527</u>	<u>-</u>	<u>230,707</u>

The Tied funds (£4,041K) comprise funds donated for the application to specific projects. These include 14-18 NOW (£1,669K); the AirSpace at IWM Duxford (£304K); the VCGC Gallery at IWM London (£350K) and the Holocaust exhibition at IWM London (£229K).

Funds of £1,286K have been transferred from Restricted funds to Unrestricted funds to cover eliminations on consolidation of transactions.

Funds of £759K have been transferred from buildings, collections, donated objects equipment and exhibitions to General funds to cover £759K 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 £139K have been transferred from Tied funds to buildings, collections, donated objects equipment and exhibitions to cover Churchill front entrance project £14K; Acquisitions £9K and £115K for exhibitions.

The Unrestricted buildings, collections, equipment and exhibitions funds of £125,236K, the Buildings revaluation of £65,384K, the Restricted buildings, collections, donated objects, equipment and exhibitions funds of £23,551K, the Buildings revaluation of £14,556K, together represent the net book value of the tangible fixed assets and heritage assets less the assets held under finance leases £228,727K.

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 London by £14,194K; IWM North by £1,797K; IWM Duxford by £7,755K; All Saints by £650K; HMS Belfast by £482K; Ickleton by £151K; Churchill War Museum by £179K and the finance lease by £320K.

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000
19 Analysis of group net assets between funds			
Fund balances at 31 March 2015 are represented by:			
Tangible fixed assets	41,427	190,620	232,047
Net current assets	2,625	4,822	7,447
Long-term creditors	(8,006)	(781)	(8,787)
Total net assets	36,046	194,661	230,707
20 Cash flow information			
(a) Reconciliation of net income/(expenditure) to net cash flow from operating activities		2016 £'000	2015 £'000
Net(expenditure)/income for the reporting period(as per the statement of financial activities)		(232)	3,770
Investment Income		(42)	(31)
Interest element of finance lease rental payments		363	400
Interest element of Loan payments		44	17
Loss on disposal of tangible fixed assets		6	8
Reclassification from capital costs to revenue costs		17	-
Depreciation and impairment charge for the year		7,118	7,224
Increase in stocks		(37)	(345)
(Increase)/decrease in debtors		(1,453)	1,914
Increase/(decrease) in creditors		2,776	(826)
Net cash provided by operating activities		8,560	12,131
(b) Analysis of cash flows			
Increase in cash in the year		5,948	4,647
(Decrease)in liquid resources in the year		-	(4,649)
Cash flow arising from decrease in finance lease		244	353
Movement in net debt in the year		6,192	351
Net funds at 1 April		256	(95)
Net funds at 31 March		6,448	256
(c) Changes in net debt/funds	1 April 2015 £'000	Cash flow £'000	31 March 2016 £'000
Cash at bank and in hand	5,838	5,948	11,786
Finance lease	(5,582)	244	(5,338)
Net funds	256	6,192	6,448

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 42% of total incoming resources. The remaining amount is funded via self generated income, which tends to fluctuate around historically predictable performance. The majority of financial instruments relate to contracts to buy non-financial items in line with IWM's expected purchase and usage requirements. As a result, IWM is exposed to some credit, liquidity or market risk.

IWM is exposed to credit risk of £1,640K 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 2016				
Sterling	11,771	15		
	11,771	15		
As 31 March 2015				
Sterling	5,825	15	0.59	29 Days
	5,825	15		

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:

	Amount Purchased	Amount Sold	Donations / Grants Received	Donations / Grants Given	Year End Balance
	£'000	£'000	£'000	£'000	£'000
American Air Museum in Britain (AAMiB)	-	-	1,499	-	1,341
Friends of the Imperial War Museum (FIWM)	-	-	65	-	(1)
IWM Foundation	-	13	500	-	3
IWM Development Trust	-	2	-	(3,022)	(3,022)
Gerry Holdsworth Trust	-	-	45	-	15
Heritage Lottery Fund	-	-	2,723	-	88
Docklands Sinfonia	1	-	-	-	-
Vodafone	1	-	-	-	-
Bletchley Park Trust	-	-	-	-	-
University Of Bath	8	-	-	-	-
Dame Judith Mayhew Jonas DBE and Lord Black of Brentwood	-	3	-	-	-
Cultureshock Media Ltd	2	-	-	-	-
Sadler's Wells	1	-	-	-	-
NMDC Member Contributions:					
<i>British Museum</i>	-	17	-	-	-
British Library	-	5	-	-	-
Horniman Museum	-	2	-	-	-
National Maritime Museum	-	6	-	-	-
National Portrait Gallery	-	3	-	-	-
Natural History Museum	-	18	-	-	-
Royal Armouries Museum	-	3	-	-	-
Sir Jon Soanes Museum	-	-	-	-	-
Science Museum	-	17	-	-	-
Tate	-	14	-	-	-
Victoria & Albert Museum	-	17	-	-	-
Wallace Collection	-	1	-	-	-
British Library	-	-	-	-	-
British Film Institute	2	9	-	-	-
British Council	-	3	-	-	3
British Museum	-	2	-	-	2
BBC	3	24	-	-	6
English Heritage	2	-	-	-	(2)
National Maritime Museum	13	-	-	-	(3)
National Portrait Gallery	10	-	-	-	-
Science Museum	12	-	-	-	(2)
Victoria & Albert Museum	-	7	-	-	-
International Entertaining Consulting Pty Ltd	18	11	-	-	217
Arts Council of England	4	-	790	-	-
Arts Council of England (Exchequer)	-	-	70	-	-

The nature of these related parties is as follows:

Diane Lees, Director General is a Vice President and Air Chief Marshall Sir Stuart Peach is the 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. A grant totalling £500,000 was received from the Foundation in 2015-16

IWM granted The IWM Development Trust £3,000,000 in 2015-16. £21,976 of unspent grant was also granted to be repaid. Diane Lees, Director General, is a Trustee of the IWM Development Trust.

Diane Lees, Director General and the sister of Sir Frances Richards, Trustee, are both Trustees of the Gerry Holdsworth Special Forces Charitable Trust. During the year the Holdsworth Trust made a grants of £45,000 to the IWM.

Funding of £2,723,000 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.

Rear Admiral Amjad Hussain, Trustee, has a portfolio of listed shares including Vodafone plc, IWM paid £1,080 during 2015/16 for telecommunication services to Vodafone.

Entrance & Tour of Bletchley Park was purchased for a fee of £309 - Sir John Scarlett is Chairman of the Bletchley Park Trust, in addition Jon Card is a Trustee.

£8,000 was paid to the University of Bath for a Master of Engineering Studentship, Sir Francis Richards is Member of the Advisory Board of the University of Bath.

IWM Trustees Dame Judith Mayhew Jonas and Lord Black of Brentwood paid IWM a total of £2,510 in Patron Membership Fees during 2015/16.

During the year IWM paid £2,000 to Cultureshock Media Ltd for web design fees, IWM Trustee Tim Marlow is a Director at Cultureshock.

During the year IWM paid £761 to Sadler's Wells for tickets and catering for a fundraising event, IWM Trustee Tim Marlow is a Trustee at Sadlers NMDC members contribution totalling £103,000 was received from various Museums sponsored by DCMS.

£3,150 was received from the British Council for the Development of British Council's Touring Exhibitions brochure.

£1,670 was received from the British Museum for Learning Museum Programme volunteer expenses reimbursement.

22 Related Party Transactions (continued)

£23,876 of License Fees were paid by BBC to IWM during 2015/16. £2572 was paid during the year to BBC for Copyright and Digitisation. Tanya Hudson, wife of IWM Trustee Tim Marlow, is Executive Producer at the BBC.

Payments totalling £406 for Permissions for Digital Files for use in Battle of Somme and catering were made to the British Library.

£2,160 for License Fees for the Digitisation of 18 cellulose nitrate films were made to BFI. IWM also received £9,936 from BFI for THE Unlocking Film Heritage (UFH) Digitisation Fund.

Payments totalling £1,616 were made to the English Heritage, a DCMS funded body, for the supply of showcase testing consultancy work.

Payments totalling £11,502 were made to the Science Museum for Volunteers Wellbeing Project Costs.

Rental costs of £13,123 were incurred with the DCMS funded National Maritime Museum during 2015/16.

NMDC Course Fees of £10,000 for Womens Leadership Training was made to the DCMS funded National Portrait Gallery.

Payments totalling £84 for the conservation of loan objects was made to Victoria & Albert Museum.

Image Sales and Licensing Fees of £6,605 were received by the IWM Trading Company from the Victoria and Albert Museum during 2015-16.

Image Sales and Licensing Fees were received by the IWM Trading Company from the National Portrait Gallery totalling £204 during 2015-16.

Image Sales and Licensing Fees were received by the IWM Trading Company from the Royal Armouries totalling £87 during 2015-16.

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 2015-16 the IWM Trading Company Limited had transactions with IEC. At the year end £216,506 was owed to the IWM Trading Company Limited.

£790,000 was received from the Arts Council of England, a DCMS funded organisation. £4,000 of Hew Locke Funding was repaid during the year.

£70,000 was received from the Arts Council of England Exchequer Fund, a DCMS funded organisation.

23 Losses, special payments and gifts.

Costs falling into the category of losses, special payments and gifts were below the level of £300,000. Losses exceeding this amount are required to be shown in a Loss Statement, with any individual losses of more than £300,000 being listed separately.

24 Post balance sheet events

On 23 June 2016 the UK held a national referendum on whether to leave the European Union. The result of the vote was in favour of leaving. This event is considered both non-adjusting and not material.

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

25 Reconciliation on adoption of Charities SORP FRS 102

Reconciliation of funds	Unrestricted funds £'000	Restricted funds £'000	Total 2015 £'000
Consolidated Statement of Financial Activities for the year ended 31 March 2015			
External funds prior to restatement	1,425	12,964	14,389
Adjustment for income incorrectly deferred	-	870	870
Restated External funds	1,425	13,834	15,259
Net income/(expenditure) prior to restatement	(1,809)	5,579	3,770
Adjustment for income incorrectly deferred	-	870	870
Restated Net income/(expenditure)	(1,809)	6,449	4,640
Total fund balances brought forward at 1 April 2015	29,939	174,603	204,542
Adjustment for income incorrectly deferred	-	870	870
Total restated fund balances brought forward at 1 April 2015	29,939	175,473	205,412
Balance Sheet			
Current liabilities			
Creditors: amounts falling due within one year prior to restatement			(6,912)
Adjustment for income incorrectly deferred			545
Restated Creditors: amounts falling due within one year			(6,367)
Creditors: amounts falling due after more than one year prior to restatement			(6,479)
Adjustment for income incorrectly deferred			325
Restated Creditors: amounts falling due after more than one year			(6,154)
Net assets prior to restatement			204,542
Adjustment for income incorrectly deferred			870
Restated Net assets			205,412
Restricted funds prior to restatement			174,603
Adjustment for income incorrectly deferred			870
Restated Restricted funds			175,473

The museum has adopted the SORP and FRS102 for the first time in preparing these financial statements. This transition has resulted in the following changes to accounting policies.

Change 1: Income

The SORP requires that income is recognised when its receipt is probable whereas the equivalent criterion under SORP 2005 was virtually certain. The comparative figures in these financial statements have been restated to reflect these changes. The financial position and financial performance previously reported are reconciled to the restated figures above.

Change 2: Governance Costs

The SORP requires that Governance costs are no longer presented as a separate line on the face of the SOFA. As such, governance costs are now considered to be a support cost and have been allocated accordingly as support costs. The 2014-15 expenditure figures have been re-stated to reflect this.

Change 3: Holiday Leave accrual.

FRS102 and SORP require an accrual for the value of paid annual leave carried forward by employees at year end. Under previous accounting standards, IWM was not subject to such a requirement. An amount of £291k was accrued for 2015-16. No amount was accrued for 2014-15, as it was not considered to be material to restate these figures.

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