



# Annual Report and Accounts 2017–2018

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

# **Imperial War Museum**

## **Annual Report and Accounts 2017–2018**

Presented to Parliament pursuant to section 9(8) Museums and Galleries Act 1992

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# 1. Introduction

## Who we are

IWM is a global authority on conflict and its impact on people's lives. 2017 marked our centenary and over the 100 years since our foundation we have continued to lead on our mission of developing and communicating a deeper understanding of the causes, course and consequences of war.

## 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.

## Where we do it

IWM engages audiences from across the world both physically and virtually, through our website at [iwm.org.uk](http://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 help people, as global citizens, make sense of an increasingly unpredictable world. We do this, in part, by helping people have a deeper understanding of the connections between past conflict and the contemporary world. This is about exploring the way war has shaped the local and the global, about appreciating diverse views, and about challenging our audiences to become ready to engage in difficult decisions for themselves, their communities and their world.

## 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:

- **Increase our financial sustainability**

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

- **Prioritise our audiences**

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

- **Deliver effective stewardship of our collections**

We will develop and care for our collections 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, not least, by maintaining the momentum around reviewing and developing our collection

- **Build our brand**

We will build our reputation as a global authority and our ability to deliver our purpose and vision by providing high quality products, services and experiences and communicating consistently in everything that we do. The strength of our brand is directly related to the scale of impact we are able to achieve.

## **3. Achievements and Performance**

### **3.1 Increasing our financial sustainability**

The high-profile projects we are delivering are designed to have a deep impact with our audiences, raise our profile and help us build our financial sustainability and viability over the long term.

#### **Digital Transformation**

Digital technologies offer IWM the opportunity to transform how we achieve our vision to enrich people's understanding of the causes, course and consequences of war. This year, IWM has laid out a four-year Digital Transformation strategy which will improve the customer experience, compiling and interpreting data which will ultimately generate income and thereby contribute to our sustainability.

We will invest in audience-facing digital development, led by a new team with leadership responsibility for digital initiatives across the organisation. Roles throughout IWM will be transformed, to embed digital responsibility and skills in multiple teams and in particular those which are customer facing or concerned with interpretation.

#### **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. Over the past 12 months we have seen significant progress within the project and now have more than 133,000 members who help us to piece together over 7.6 million Life Stories of those who made a contribution to the British war effort 100 years ago. Since the project began over 2.2 million facts, anecdotes and images have been added and more than 7,000 Communities have also been created. Over the past year we interacted with almost 1,500 people at engagement events, have increased our social media following and have taken part in many media interviews, most notably linked to the centenary of the Third Battle of Ypres.

We are now in the final year of the project. Lives of the First World War will remain live and active until 18 March 2019, when IWM will become the custodian of the millions of incredible public contributions that have been made over the past 5 years. Contributions to the project will not be accepted after this date, to allow us to create a permanent digital memorial which will always remain free and accessible online - this will continue to help to shape our understanding of the First World War now and in the future.

#### **Transforming IWM London phase 2**

Transforming IWM London phase 2 is the next phase of our long-term masterplan for IWM London. This major audience-facing project will deliver new Second World War and Holocaust Galleries by September 2020, in addition to new learning, event, and corporate spaces. This development is a significant step in realising our full masterplan, which,

when completed, will support the chronological treatment of our remit, substantially improve the visitor experience and support a shift in the overall financial sustainability of the branch.

Over the past year the project team has made significant progress with the content and design of both galleries and some important items have been acquired for display. Further audience research has been undertaken to test evolving interpretation approaches. Academic Advisory Panel meetings have continued to support our narrative development.

Our fundraising campaign to support Transforming IWM London is successfully underway with almost two thirds of the target achieved.

### **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 2017-18 we generated £4.3 million in profit through trading activity, which is an increase on the previous year of 14 per cent. The year has seen mixed visitor numbers at some branches which has had a corresponding impact on visitor dependant commercial areas such as café and retail sales in some branches such as HMS *Belfast* and IWM North. This year's air shows at IWM Duxford saw a strong improvement on visitor numbers, including our Battle of Britain Air Show in September which brought the highest sales for an air show weekend on record.

Particular areas which performed well during the year were retail, public catering, corporate hire and private tours, including a successful Christmas season of corporate events. We welcomed record numbers of visitors to Churchill War Rooms during the year with a notable surge following the January 2018 release of the feature film *The Darkest Hour*, telling the inspiring true story of Churchill's earliest days in office. The sets for the film were closely modelled on Churchill War Rooms and were also used in the promotion of the film, with the activity around this resulting in an exceptional commercial performance achieved across the board at Churchill War Rooms.

As part of our Commercial Strategy, IWM has focused on the development of our Customer Relationship Management (CRM) system, together with our newly launched membership scheme as tools for creating a more engaged commercial audience. The membership scheme has delivered particularly strong commercial results since its launch in November 2017, securing 5,000 membership sales by the end of the financial year. We will continue to develop the commercial potential of this scheme, retaining existing, and facilitating new memberships in the future and building the long-term loyalty of our customers through our audience engagement offer.

Moving forward, our Commercial Strategy will continue to look at new areas of development that are not entirely dependent on visitor numbers to our branches. By building on our e-commerce offer and developing new business development streams less based on attendance figures, we will work to establish a more robust and financially sustainable future for the museum.

## **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.

Maintaining our estate is vital to our financial sustainability and ensure our audiences and staff visit and work in a safe and comfortable environment. This year we have made fire safety improvements across the estate to ensure we are in line with the increased vigilance and fire safety checks in the aftermath of Grenfell Tower. Other significant estate works this year have included repairs to roofs at IWM Duxford including on the Land Warfare Hall and Airspace to prevent and manage leaks, and work on HMS *Belfast* such as refurbishing toilets, improving sewage works and conducting a condition survey.

IWM's visitor and property services team has been bolstered by the introduction of new 'Branch Operations Managers' who have responsibility for the cleanliness and presentation of their respective branches. Our Facilities Management (FM) team continue to develop new processes to manage our infrastructure which has been reflected in a new Asset Management Plan. Particular attention has been given to HMS *Belfast*, undertaking a major condition survey in order to correctly advise our teams on her future management, including the possibility of dry docking and recommendations to assist the restoration and reparation of the ship. The survey has confirmed that the vessel is stable and generally in good condition; however further work has been identified to prevent corrosion and update some facilities including her water and fuel tanks. The FM team has also supported IWM's accommodation projects, notably the new staff building adjacent to the IWM All Saints Building as well as the construction of the new paper store at IWM Duxford.

IWM's Airfield Team continue to engage with full training and educational activities, this year working with a new training package and facilities provided for Duxford Fire and Rescue Services. Our Flying Display Directors continue to introduce new and exciting acts to the displays and the Operations team work closely with the emergency services, AA and Highways agencies to ensure that the air shows are fully compliant to operate smoothly and safely. IWM Duxford will take receipt of the first two electric buses over the coming months that will enable to transport visitors across the site in all weathers and provide a more effective and efficient service.

Ongoing improvements have been made to our visitor experience at IWM North with the upgrade of the Big Picture Show projectors in the Main Exhibition Space, including upgrades to the accompanying sound system. The roll out of a remote access system has enabled staff to securely access the intranet, shared drives and other internal applications remotely. New event and public Wi-Fi support has been introduced at IWM London, IWM Duxford and IWM North to meet increased demand.

A major focus has been the continued implementation of our IT Security Strategy. This area is one of IWM's top ten strategic risks and a threat that is taken seriously by senior management and our Board of Trustees. We have in-house resource dedicated to manage regular patch testing and upgrades to our IT security systems. Having achieved Cyber Essentials security accreditation in January 2018, we are now aiming to achieve

Cyber Essentials Plus security standard in 2018–19. In preparation for the implementation of GDPR, IWM has undertaken an audit of the data we hold and reviewed and revised our policy and procedure to ensure that these are in line with the new legislation. A training programme has been rolled out to all staff and the new policy and guidance have been presented to staff through a new policy management and compliance tool, NETconsent, which was launched in May 2018.

## 3.2 Prioritising our audiences

### Our audiences

Over the past year we have developed our new Audience Development Strategy to support our strategic goal to prioritise audiences. The strategy provides the context around which we can design and create excellent, inspiring and relevant visitor experiences. The Audience Development strategy focuses on visiting members of the public but also considers visitors to our website, social media followers, customers in our shop or academic researchers engaging with our collections.

We have welcomed over 2.4 million visitors to our branches this year and experienced strong visitor attendance early on, followed by a steady performance throughout the year across all branches. While our free branches, IWM London and IWM North, demonstrated a downward trend, this was contrasted by an exceptional performance at Churchill War Rooms which, together with HMS *Belfast*, experienced a notable upswing towards the end of the year.

Churchill War Rooms continued to expand its reach and attracted over half a million visitors to the historic site, improving on last year's record-breaking figures. The final quarter of the year welcomed a large number of local audiences centred around the release of the new film *Darkest Hour* starring Gary Oldman as Winston Churchill, for which IWM was the lead promotional partner.

At HMS *Belfast* we experienced high levels of activity in March due to the 80th birthday celebrations, and around the April Easter bank holiday weekend, which was excellent considering the adverse weather conditions in London over this period. The occasion was marked by the successful 'ship shape' weekend, an event to clean and prepare the ship for her celebrations in February, followed by a number of free events on board including a chance to meet HMS *Belfast* veterans over the ship's birthday weekend. Overall the activities attracted 22,000 visitors over the month of March. IWM North experienced a fall in visitors on last year. This could be attributed to the ongoing terrorist threat in response to the Manchester bomb attack in May 2017. There were lower figures to our temporary exhibitions at IWM North which was potentially due to charging for the temporary exhibitions. We have subsequently reviewed the charging structure for our temporary exhibitions and have agreed for both IWM North and IWM London that all programming will be free of charge until 2021 which will hopefully increase the number of visitors across these branches.

Performance at IWM London has been challenging and we have seen another slight fall in visitor numbers on last year. This is partly the impact of terrorist activity and economic factors which have seen visitors choose to visit local areas and attractions instead of those in central London – a trend that is mirrored elsewhere in the sector. This is a disappointing result as our exhibitions have been well received by audiences and reviews and press coverage achieved during the course of the year have been outstanding.

Overall we have achieved good visitor satisfaction this past year, with the proportion of visitors who rated their visit as excellent and would recommend a visit to our branches higher than anticipated. A high volume of our visitors continue to visit from overseas (45 per cent) reflecting the significant contribution we make to the economy through tourism. This is calculated to be over £121 million in 2017–18<sup>1</sup>. The number of first time visitors to the museum increased to 71 per cent, showing IWM’s continued successful development of audience outreach.

The launch of our new website in January 2018 has proven to be a success. The number of unique website visits increased by 7 per cent on last year, with more than 6.6 million people engaging with our website. Growth in traffic to our website has been driven in particular by growth in page views for editorial content about war and conflict. In addition around 40 per cent of page views are of items in our digitised collections, opening our collections to a wide global audience.

<b>IWM visitor numbers '000s</b>	<b>2017–18 actual</b>	<b>2016–17 actual</b>	<b>% change year on year</b>
Total number of visits to IWM	2,465	2,416	2%
Total number of website visits	6,646	6,186	7%

### **Our public programme**

We bring our collections and the associated personal stories to life through our programme of curated exhibitions and events.

In 2017–18, we ran a vibrant and diverse programme of exhibitions and programmes across our branches, including piloting our new public engagement and learning programme which moves away from a traditional, classroom-based approach towards a creative, immersive, and critical programme designed with our audiences in mind to take place onsite, offsite, and online. Activities we trailed this year include *The Shadow of the Future*, an immersive audio-visual game. This explores decision making and consequences in the context of the Cuban Missile Crisis. In addition ‘Documentary Challenge’ sees students create a mini documentary to uncover stories that are too important to stay in the museum walls.

We also launched our first seasonal programming, *Syria: A Conflict Explored* at IWM London, which was an intimate display exploring the origins, escalations and impact of the Syria conflict. The season staged *Sergey Ponomarev: A Lens on Syria*, the first UK exhibition of photographs addressing the consequences of the Syrian conflict by the award-winning Russian documentary photographer. There was a series of associated events alongside the exhibitions, including an artist residency by creative collective Anagram. The residency explored information and misinformation relating to the Syria conflict through data collection, interrogation and storytelling interventions with the public. The successful season was transferred to IWM North in early 2018.

<sup>1</sup> 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’ assumption).

Our major exhibitions at IWM London, *People Power: Fighting for Peace and Age of Terror: Art since 9/11* both received critical acclaim. Our discussion-provoking programming continued with the opening of Churchill and the Middle East at the Churchill War Museums. The new permanent display looks at the impact and influence of Winston Churchill on the modern Middle East. At IWM North, we successfully opened *Wyndham Lewis: Life, Art, War*, which charted the controversial Lewis' life, including his 'underground' period of reflection and reinvention after the First World War, and his period of self-imposed exile in North America in the 1940s.

At IWM Duxford we celebrated the centenary since work began on RAF Duxford, with Duxford's first ever contemporary art installation, the innovative DX17 sound sculpture. The large futuristic sculpture was created by Nick Ryan and emitted 100 bright lights, each representing a discoverable memory from IWM Duxford's history. Nearly 23,000 visitors experienced the immersive installation by scanning the lights which magically transformed them into the voices of those telling their stories of IWM Duxford.

### **Press and broadcast**

In April 2017 IWM received significant media coverage for the launch of its first seasonal programming of *Syria: A Conflict Explored* at IWM London. The season received over 75 individual items of international coverage including a major piece broadcast on the BBC World Service and CNN. IWM North received notable attention for its major exhibition, *Wyndham Lewis: Life, Art, War*, achieving extensive local and national print coverage.

IWM London's exhibition *Age of Terror: Art Since 9/11* achieved over 360 items of broadcast, print and online press coverage with a reach of more than 50 million. Press highlights included coverage in The New York Times and BBC Radio 4 Saturday Review together with broad national reviews, calling it '*the most important exhibition you'll see this year*'.<sup>2</sup>

Our landmark partnership with NBC Universal for the Academy Award-winning film *The Darkest Hour* saw notable media mentions in The Guardian, The Daily Telegraph and CNN Travel as well as broadcast coverage on ITV News at 10 and BBC News at 10.

In March 2018 we marked the 80th anniversary of HMS *Belfast*. This was our most successful press campaign, with more than 530 individual items of coverage and a media reach of over 250 million. The anniversary received significant broadcast pick-up with BBC Breakfast, ITV This Morning, ITV London News, Sky News, BBC London News and Channel 5 News all featuring the commemoration on Friday 16 March. The eve of the HMS *Belfast* anniversary saw the reuniting of veterans from across her 80 years captured by national press photographers and published in The Telegraph, The Times, The Guardian and The Mail. On 16 March, BBC Radio London's Robert Elms Show was presented live from the ship together with BBC GNS broadcast interviews with IWM spokespeople and veterans across their regional radio stations.

IWM also received substantial press coverage for a number of IWM's publications including *The Second World War in Colour*, *Weird War Two* and *Life and Death and the Battle of Britain*.

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<sup>2</sup> Khan, Tabish, 'What Were the Best Exhibitions of 2017?' <https://londonist.com/london/art-and-photography/what-were-the-best-exhibitions-of-2017>

## Our learning programmes

This year saw the launch of our new Public Engagement and Learning strategy focused around the opportunity to understand, explore, and debate the human impact of conflict. This ambitious strategy for 2018–21 will transform the way IWM engages with our visitors onsite, offsite and online; increase our impact and reach; and enable us to engage with, and inspire, new and more diverse audiences.

In 2017–18 the programme included *Conflict Cafés* which invite the public to meet conflict experts and eyewitnesses and our inaugural *Annual Remembrance Lecture* series. Whilst building this new programme, and a new team to deliver it, has impacted our learning figures, the objective of the programme will be to continue to grow these numbers over the lifetime of the strategy.

The appetite for these new ways of engaging with our collection and examining difficult and complex subjects was clear and is reflected in the positive audience feedback received over the year:

*'We have been coming to the museum for many years now and enjoyed the workshops you used to offer but I am so thrilled that you are working in this new way and developing sessions with eyewitnesses, it is so exciting.'* – Key Stage 2 Teacher

*'An incredible way for students to learn. The opportunity to explore, be creative, make choices, voice their thoughts and do so without the rigidity of having to know an examiners' mark scheme. Teachers crave being able to support students in learning this way. A wonderful experience!'* – Key Stage 3 Teacher

*'A thoroughly 21st century learning event which genuinely helps to develop historical and deeper understanding of the past.'* – Key Stage 3 Teacher

IWM learner numbers '000s	2017-18 Actual	2016-17 Actual	% change
Learners in on-site educational programmes	217	219	-0.9%
Children in on- and off-site educational programmes	138	117	+18%

## Our volunteer programme

A fantastic team of volunteers underpin most areas of work at IWM and provide a significant source of support for the delivery of IWM's strategic objectives, mission and vision across our five sites. The groups comprise generalist volunteers; focused on enhancing our customer and learning experience and delivering excellence in customer service, including:

- IWM's Membership Welcome
- Schools Meet & Greet
- Customer Experience
- Office Support

- Marketing
- Interpretation
- Support to the Learning Programme.

Specialist volunteers focussed on a higher social purpose to bring understanding of the connections between past conflict and the contemporary world such as IWM's 'Veterans and Eyewitnesses' and 'We Were There' programmes. Technical volunteers focused on supporting the safeguarding, care, access and future of our collection including aircraft, military vehicle and ship conservation, radio station operation, collections support, cataloguing and archiving.

Throughout 2017–18, an average of 974 volunteers have volunteered their time per quarter providing a total of over 25,915 hours in equivalent support each quarter. This totals 103,976 hours and equates to over £820,000 in additional resource capacity across the year.

This year we launched the IWM Recognition Awards to celebrate and recognise the incredible contribution volunteering delivers to the organisation. This comprised 30 nominations across 5 categories.

Our innovative volunteering project *if: volunteering for wellbeing* officially ended on 31 July 2017. The Social Return on Investment has been shared with external partners, ensuring the benefits of volunteering for well-being are understood and help embed our learnings. Since its completion, the project has been disseminated at several events including the Art & Heritage Research Council conference, the Museums Association conference 'Future of Volunteering' and the Association of Volunteer Manager Conference.

## **Awards**

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

- IWM North won Best Historic Venue and obtained silver place in Best Unusual or Unique venue at the inaugural National Venue Awards in May 2018
- IWM was nominated for Client of the Year at the Architects Journal AJ100 Awards. The nomination was proposed by Architype, the architecture firm involved in IWM Duxford's Masterplan. The winner will be announced in June 2018
- IWM's retail department won its category award for Best Product for our Spitfire Pilot watch and Best Licensed Product for our five construction sets at the ACE Best Product Awards 2018
- Our volunteers were recognised at the London Volunteers in Museums Awards presented at City Hall with two IWM volunteers presented with awards

### 3.3 Deliver effective stewardship of our collections

#### Collections Review

IWM's Collections Review Programme continues to shape our collections strategically. The programme continues to ensure that our resources are targeted to address the needs of our original, unique material as well as the collections access needs of the audiences we serve. It supports the development of our future galleries and public programmes, with a particular emphasis on our collections relating to Second World War themes as the second phase of Transforming IWM London is underway.

We introduced a Collections Development Strategy focussing on post-2001 contemporary conflict. Each new acquisition is an opportunity to explore, explain and raise questions about globalisation, popular culture, political and social change in relation to conflict today, with particular attention to conflict that is significant to the UK. A dedicated collections team will work together with the IWM Institute Associates, external advisors and practitioners to build a body of knowledge and respond appropriately to events, mirroring our collecting strategies within the public programme and working in partnership with international, national, UK regional or service museums.

IWM's contemporary art collection continues to strengthen and reflect our ambitions to remain relevant and responsive to audiences now. Over the past 12 months several key works have joined the collection including Hanaa Mallalah's *USA Heritage Flag*, a signature piece by the artist reflecting on acts of resistance and the occupation of Iraq. The collection has been further enhanced by the acquisition of London artists Thomson and Craighead's *A Short Film About War* constructed using internet imagery which examines the mediating role of the web in considering individual responses to conflict.

In November 2017 IWM acquired the complete archive of award-winning conflict photographer Tim Hetherington, marking the seventh anniversary of his death in Libya. This extensive archive comprises his seminal photography and video work from his embeds in Afghanistan (2007–08), Liberia (2003–06) and Libya (2011), reflecting his work as an intrepid conflict journalist but also as a humanitarian and an innovator. Highlights of the collections include the World Press Photo of the Year 2008 winning image of a US soldier and an acclaimed series of photographs from the 'Healing Sport' project which documents the nature of sport in war-torn countries such as Angola and Liberia. The acquisition of this incredible archive has allowed IWM to revisit how images are used to inform and influence our collective understanding of conflict.

Our collection has been bolstered by the addition of Tony Carter's *American Dream/Arabian Night*, painted in response to the events of the Gulf War and created by the artist during his time as the Henry Moore Artist Fellow. The painting was given its first museum showing at IWM in 1991 and now returns to the museum to be enjoyed by future generations.

Our acquisitions enable us to continue to tell important stories of conflicts since 1914 as they have affected both service personnel and civilians across the globe. The important acquisition of a literary archive relating to First World War poet Edward Owen Rutter, particularly his 'Tiadatha' poems, has enhanced our ability to engage with dynamic

interpretation methods. This is considered to be essential to IWM's role in illustrating personal narratives around this period in history.

### **Collections storage masterplan**

A new archive store at IWM Duxford is programmed for completion in 2018, which will enable the archives to be relocated from London in support of Transforming IWM London phase 2. We forecast that 80 per cent of our collections storage will be fit for purpose once this project has been completed which will represent a major improvement for IWM, as currently 22 per cent of our collections are stored in appropriate environmental conditions. This will significantly improve our financial and collections sustainability in the long run.

### **Collections access**

We secured the Licence to Occupy at the BFI's Master Film store for our nitrate film. This shared solution will allow us to store our nitrate film in the appropriate conditions and reduce our estates costs. We achieved the key landmark of having all of our collections meet the agreed inventory standard, which we will continue to maintain with all new acquisitions.

## **3.4 Building our Brand**

Through developing our voice we provide a forum for questions to be asked and answered, leading IWM's position in contemporary debate as a confident and authoritative voice about the world around us and the conflict it inherently creates.

### **IWM Institute**

Over this past year, IWM has invested significantly in the research and development of the IWM Institute for the Public Understanding of War and Conflict. The creation of this body is a notable achievement in ensuring the impact of our global citizenship learning programme and research activities are maximised through identifying and nurturing sustainable partners and audiences for IWM. Through working tangentially to the permanent collections and galleries, the Institute will engage with temporary exhibition seasons, public engagement and learning activity, digital content related to seasons, research projects, partnerships and knowledge transfer and commercialisation of IWM expertise. This will enable innovation and experimentation beyond traditional museum practices and enable sharing of IWM's knowledge of interpretation beyond our museums. We will also develop corporate partnerships as well as a closer, more structured relationship with the Higher Education and museums sector nationally and internationally, providing focus as an Independent Research Organisation (IRO).

The Institute is currently in the process of recruiting around 20 IWM Associates, drawn from a broad range of sectors including academia, policy, NGOs and creative worlds.

### **First World War Centenary Partnership**

We continue to be a national and international focus for activity marking the centenary of the First World War. Membership of IWM's First World War Centenary Partnership has sustained growth levels since we launched the network in 2010 and now involves 4,000 members from 62 countries. Collectively, through the First World War Centenary Partnership, we have presented a vibrant, diverse and far-reaching programme this year.

In November 2017, the First World War Centenary Partnership launched Women's Work 100 to tell the experiences of women during the First World War. The programme was timed to mark the centenary of the Representation of the People Act and International Women's Day 2018. Using IWM's Women's War Work collections and the centenary of its creation, the programme provided multiple opportunities for Partnership members to take part in, or to showcase their own work in marking the female experience of the First World War. In the week of International Women's Day, Women's Work 100 material had a reach of over 90,000 and achieved double the usual expected click-through-rate for IWM material. A total of eight public film screenings have or are due to take place using a combination of material from the 2017 IWM Short Film Festival and IWM archive film. Owing to the success and popularity with members of the Centenary Partnership, Women's Work 100 was extended beyond its original closing date and will continue to run throughout summer 2018.

The programme is a new way of partnership working for IWM based on the principles of using IWM's collection, expertise, national status and sites to support and illuminate the work of the wider cultural heritage sector, build capacity for IWM to work in partnership in the future, and tell a more complete story of the experience of war and conflict. To this end IWM is developing a national Partnerships Framework which will act as a basis for managing and developing partnership activity in the future.

The Battle of Passchendaele commemorations in 2017 provided an opportunity to promote members' activities and the Centenary Partnership. One focal point was the creation of a short film for social media using images and film from the collection and a simple text narrative. The film had a reach of 127,926 over the Passchendaele commemoration weekend, and increased traffic to 1914.org by 500 per cent over the period of the Passchendaele commemorations. It was also shown on the big screens in Ypres as part of the official commemorations.

Over 350 screenings of IWM's *The Battle of the Somme* film have taken place across national and global venues since July 2016, opening our collection up to new and diverse audiences. Evaluation of the Partnership screenings showed that they were popular and well-received, encouraged debate and conversation amongst audiences and helped people learn more about the Battle of the Somme, the First World War, propaganda and conflict.

The Centenary Partnership continued to embed its programme and reflect on its impact through collaborative events this year, including meetings at the Public Record Office of Northern Ireland (PRONI) and Royal College of Nursing (RCN), as well as hosting two community history research workshops. In addition, networking meetings across the UK continued to attract high numbers, further expanding the Partnership's reach.

## **Loans and Collections**

Our successful facilitation of the exhibition *Age of Terror: Art since 9/11* delivered a number of high profile contemporary works to the museum including those by Ai Wei Wei, Mona Hartoum, Grayson Perry, Gerhard Richter, Jenny Holzer and Jake and Dinos Chapman.

Our collections continue to inspire and engage audiences both at IWM and around the world, through several high profile loans to other institutions including the loan of nine landscape paintings by William Orpen which travelled to the National Irish Gallery and seven items to the Tower of David Museum of the History of Jerusalem in Israel. Four items from the collection, including Stanley Spencer's *Shipbuilding on the Clyde: Riveters, 1941*, have been lent to the Victoria and Albert Museum and the Peabody Essex Museum, Salem, Massachusetts for their exhibition 'Ocean Liners: Glamour, Speed and Style'. Several items from IWM's collection also contributed to the Paul Nash exhibition which has enjoyed a national tour; originating at Tate Britain and subsequently travelling to the Sainsbury Centre in Norwich and the Laing Art Gallery in Newcastle. The John Singer Sargent masterpiece, *Gassed*, has completed its four-venue tour of the United States, beginning at the Pennsylvania Academy of Fine Arts and then travelling to the New York Historical Society and the Frist Center for the Visual Arts, Nashville, before arriving at the National World War I Museum and Memorial in Kansas.

### **3.5 Key supporters in 2017–18**

IWM remains extremely grateful for all the generous individual donations, grants and sponsorships to the museum during the last year. This support is essential in helping us achieve our charitable mission, which is to communicate a deeper understanding of the causes, the course and the consequences of war and conflict since the First World War. While it is not possible to acknowledge all the contributions that we receive, we would particularly like to thank the funders and donors below, as well as those who wish to remain anonymous.

#### **Public Funders**

Arts and Humanities Research Council  
Arts Council England  
Art Fund  
Department for Digital, Culture, Media & Sport

#### **Trusts and Foundations**

B'nai B'rith Leo Baeck (London) Lodge Trust Fund  
The John S Cohen Foundation  
The Laurence Misener Charitable Trust  
The W. & M. Morris Charitable Trust  
The Oglesby Charitable Trust  
Pears Foundation  
PF Charitable Trust  
Rothschild Foundation (Hanadiv) Europe  
Toni Schiff Memorial Fund  
Dr. Scholl Foundation  
The Sobell Foundation  
The Stanley Thomas Johnson Foundation  
The Steinberg Family Charitable Trust  
The 29th May 1961 Charitable Trust  
The Weinstock Fund  
The Zochonis Charitable Trust

#### **Corporate Partners**

BAE Systems  
HMS *Belfast* Association  
Bowers & Wilkins  
NEC  
John Lewis Partners  
Little Green Paint  
Pol Roger

#### **Corporate Associates**

Civil Service Club  
The Hertfordshire Constabulary Sports and Social Club

#### **Individual Donors**

Lord Rothermere  
The Desmond Foundation  
The Wigoder Family Foundation

Paul and Peggy Brett  
Jeffrey Rubinoff  
David Wells  
The David and Claudia Harding Foundation  
Jillian Neubauer  
Julian Cazalet

**Patrons and Individual Donors**

**Orpen Circle:**

Matthew Westerman

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Jeffrey and Elizabeth Boyling  
Simon Bragg  
Rae Byrne  
David and Madeleine Cannon  
Lt Cmdr Paul Fletcher  
Anthony and Maureen Hall  
Clare Jakeman  
Dame Judith Mayhew Jonas  
David Routledge  
Colin and Kathy Smith

We would also like to thank:

All those who have donated towards the restoration of the Victor at IWM Duxford

## 4. Plans for Future Periods

Our 2018–21 Corporate Plan lays the foundation for major development over the next decade and beyond, in particular through the continued transformation of IWM London as the second phase of this project progresses and major enabling projects such as the collections storage masterplan at IWM Duxford are undertaken.

Learning is the bedrock of what we are about and over the coming year we will implement the Public Engagement strategy and Learning scheme to achieve greater impact with our audiences and embed learning in all that we do. Following the launch of this innovative and outward facing learning and engagement programme, we will continue its delivery using the lens of global citizenship to invite debate, develop critical thinking and deep engagement with our subject matter. The launch of a pilot for IWM's Institute for the Public Understanding of War and Conflict in 2018 will maximise the impact of our global citizenship learning programme and research activities by creating and nurturing sustainable partners and audiences for IWM.

Our commercial ambition is substantial and our strategy is designed to ensure that we are financially sustainable over the long term. We will continue to embed a phased CRM programme that enables us to build greater understanding of our audiences, foster deep audience loyalty and support, as well as achieve greater efficiencies and income gains.

### 4.1 Increase our financial sustainability

One of the key drivers of our ongoing 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 project and our IWM membership programme along with the continued growth and enhancement of our commercial activity (through corporate events, retail, public catering, licensing and publishing activity).

We have made major changes to our staffing structure over the last three years. We recognise that our people are an essential ingredient in our success and place heavy emphasis on evolving our ways of working. We also know that ongoing change, in particular, new ways of working (as our Culture Change Ambassadors' Network help us find new ideas to try) will be an important part of how IWM continues to operate. We want to work in an increasingly agile and responsive way so that we are positioned to capitalise on opportunities and effectively manage risk, building our organisational confidence as we go.

We are putting a strong focus on training and development to effectively support all staff in increasing their skills, knowledge and understanding. We are placing particular emphasis on leadership skills during the initial phases of this work, along with ideas that will help us truly embed our brand values. Alongside this, we are delighted to be offering further apprenticeship opportunities across several different areas of our operation to increase the diversity of our workforce and build IWM's reputation as a learning organisation. A key part of embedding culture change is our staff accommodation, so we are creating new office space at All Saints as part of Transforming IWM London phase 2.

High profile, brand building opportunities such as our First World War Centenary Partnership are crucial to the long-term success of IWM. We will continue to lead the Centenary Partnership, deliver our First World War Centenary programme and secure 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 by creating new Second World War and Holocaust Galleries.

Along with increasing self-generated income and net profit, we will update our Estates Strategy and continue to address a backlog of capital maintenance, systems and infrastructure projects. Our 2018–21 Corporate Plan invests in the highest priority estate work, using a risk-based approach, to ensure that our estate is well maintained and that ageing or failing plant or infrastructure is replaced with more energy efficient systems.

The IWM Duxford masterplan implementation plan has been drafted setting out how we will achieve our long-term vision of IWM Duxford becoming the leading must-see attraction in the east of England. Alongside this, a new hotel on the site of IWM Duxford will open in early 2020, leading to increased visitor traffic and opportunities for sustained and multi-faceted engagement with our audiences.

Our new Digital Transformation Strategy sets out how digital can become so embedded in IWM that it becomes business as usual. This digital transformation will mean that we successfully build up capability and improve processes across the whole of IWM

## **4.2 Prioritise our audiences**

At the very heart of our work is our strategic objective to prioritise our audiences. To support this objective we will continue to implement our customer services standards across IWM and the new Public Engagement and Learning programme. We are improving the way that we evaluate our activity and impact, share audience research results across the organisation and use this evidence in forward planning.

The continued implementation of our new Audience Development Strategy will ensure that we remain relevant and strive to increase the breadth of our audiences, staff, volunteers and supporters so that we can be truly representative of the communities that we serve. Our efforts to improve the digital experience of IWM will also enable a better audience experience, harnessing our website and social media outlets together with new digital assets on and off site to facilitate better navigation and engagement with our collections. How we think about diversity, access and equality and how we commit to building this into our thinking and planning to achieve change over the long term will be echoed in our new Access and Inclusion Strategy.

Our research programme will continue to develop and expand. Closer engagement with academic institutions over the past seven years is now reflected in strengthened relationships across the Higher Education sector. As an Independent Research Organisation, IWM will shape new projects to enrich our public programmes and increase our understanding of our collections. Particular emphasis will be given to research which supports collecting in the post-1945 era and Conflict Now, our contemporary conflict public programme.

The Arts and Humanities Research Council's (AHRC's) much-valued Collaborative Doctoral Partnership will continue, bringing three new PhD students into IWM. The collections coming under scrutiny will include those documenting the First World War and the senses; the experiences of LGBT service personnel from 1914 to the present; and the experiences of British armed forces during the Falklands Conflict.

Our Public Engagement programmes are planned around the delivery of IWM's Seasons, the next of which is *Making a New World* which will launch at IWM North in July 2018. This programme will mark the centenary of the end of the First World War.

Through a series of exhibitions, immersive experiences and events, the *Making a New World* season will explore two aspects of the aftermath of the war, remembrance and how this has changed since 1918, and renewal, exploring how the world rebuilt itself in the wake of the first global conflict. Debuting with the exhibition *Lest We Forget*, this exhibition will draw on IWM's collection to explore the act of remembrance, focusing on potent symbols of remembrance, notably the poppy and two-minute silence, considering how they have endured and also sparked controversy since the Armistice. Highlights of the exhibition will include works of art commissioned for the unrealised 'Hall of Remembrance'. The season will also host a three-screen video installation and accompanying soundscape by the celebrated artist and film-maker John Akomfrah. Panoramic in scope and epic in scale, it will highlight the immense yet often overlooked contribution of African servicemen and civilians during the First World War. Using newly-shot material, as well as footage from a number of sources including IWM, this installation will ensure that the African soldier is placed at the centre of the First World War story, not, as so often, at its periphery. In addition, the *Wave* installation of ceramic poppies created by artists Paul Cummins and Tom Piper as part of *Blood Swept Lands and Seas of Red*, will visit IWM North and IWM London during the season.

Our efforts are very much focused on the lasting legacy of our five-year First World War Centenary Programme and preserving a record of our collective, contemporary response to the centenary for future generations. We plan to sustain the important and valuable partnerships we have developed with the delivery of a Strategic Relations Strategy which will ensure that we build on the successes and momentum of what has been achieved.

### **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 these collections – 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 collections and prioritise the material we make accessible to the widest possible audience. Our digital transformation will create immersive content and joined-up digital enhancements of our objects, exhibitions and events. IWM will integrate digital outputs into our public programme and curatorial work, with energy devoted to these just as it is to in-gallery analogue content. The result will be to make accessible and to enhance targeted parts of our collections, with IWM's expertise and narratives guiding audiences through rich digital as well as physical

experiences onsite, online and via mobile.

Alongside this we will continue to deliver our major storage upgrade projects under the umbrella of Transforming IWM London. Through moving collections currently in store at IWM London to optimised storage facilities at IWM Duxford, we will ensure that we provide the correct environment for our collections objects and preserve them for generations to come. Following a re-organisation of resources over the past year, the delivery of a new large object store at IWM Duxford is programmed to commence in 2019, which will support the needs arising out of the IWM London and Duxford masterplans. Ensuring that members of the public and researchers have access to our collections as well as continual improvement in the service we offer are major considerations of this project.

Our conservation programme will continue to focus on large objects, including aircraft, held at IWM Duxford and a targeted response to the findings of the extensive survey of HMS *Belfast* – the largest object in our collection – undertaken this past year. This includes the ongoing conservation of the HP Victor at IWM Duxford which has been a significant undertaking for our conservation teams and volunteers.

We have a more sustainable and dynamic collections management approach, strategically shaping our collection by identifying key acquisitions and managing the targeted disposals programme. We are also working hard to build and share research, knowledge and understanding around our collection. The coming years will also see us embed the delivery of our Contemporary Collecting Strategy, ensuring that our world-leading collections remain relevant, dynamic, accessible and usable to our audiences under the educational remit of global citizenship. A responsive approach is also a fundamental consideration in the collection activity of our new Holocaust Galleries at IWM London.

#### **4.4 Building our Brand**

Through the continual strengthening of our voice, IWM will maintain its position as an authority and a driving educational force on the issues of war and conflict which affect us today, as well as guardians of historic records of the battles of the past.

Through such initiatives as our Audience Development Strategy, we will continue to embed our contribution and role throughout a wider audience. We will remain responsive to a changing landscape and the needs of our visitors while implementing innovative approaches to the programming of our collections and learning initiatives. Our Digital Transformation Strategy will also deliver these initiatives through forward-thinking, agile means; growing with our audiences as they turn to new ways of learning and forms of engagement, and positioning IWM as a leader amongst British cultural organisations.

Within the collective vision for IWM our individual teams will continue to develop the personality of each of our branches, through the delivery of focused and contextual exhibitions as well as outreach programmes designed around each site's unique audiences. Our new membership scheme will also deliver a wide-reaching visitor experience across all of IWM, offering distinctive insights into the varied and multi-layered impacts of war and conflict.

Through continuing to strive for a healthy, cohesive and positive work environment, we ensure that our internal values lay the foundations to develop our outward-facing role. We recognise the important contributions of our staff in delivering these goals and continue to support our teams through the culture change championed by our Cultural Change Ambassador Network, Management and Leadership teams, together with the implementation of our training and development strategy.

The launch of the pilot of the IWM Institute for Public Understanding of War and Conflict, will bring together our research, expertise and public programming so that we are able to demonstrate our impact in the broadest sense and on an international platform.

Through partnerships, the Institute will help us to push boundaries so that we pioneer new thinking, spark and lead debate and build support for our activities and programmes. To this end, we are developing a national Partnerships Framework which could act as a basis for managing and developing partnership activity in the future.

Ensuring our collection is shared and experienced both nationally and internationally through active loan facilitation is important to IWM's aim of building our reputation as an authority on war and conflict. By ensuring access to our collection with the managed and considered distribution within other museum contexts, the items in our care are given a new purpose and are able to reach new audiences in more unique ways.

Over the following twelve months we will see parts of our collection join the Flanders Marine Institute for their exhibition 1914–18 The Battle for the North Sea which will bring together all eleven Zeebrugge Victoria Crosses for the first time in history. As part of the end of the First World War centenary, IWM will also loan part of the collection to Tate Britain for their *Aftermath: Art in the wake of World War One* exhibition.

## 5. Financial Review

IWM's financial statements include the Grant-in-Aid received from government and the consolidation of the commercial and learning activities performed by the IWM Trading Company. The Consolidated Statement of Financial Activities is to be found on page 66.

The accounts are presented in accordance with the provisions of the Statement of Recommended Practice (SORP) 2015. The movement in net resources for this year, after depreciation but before revaluation changes, is an outflow of £4.485 million, a decrease of £15.683 million year on year. The previous year had seen funds increase by a total of £11.198 million.

The change in 2017–18 is made up of a decrease in the net unrestricted funds of £1.804 million, after transfers, and a decrease in restricted funds of £2.681 million.

Income from unrestricted funds has grown by £1.882 million. Within this, income from admissions has grown by £0.936 million which is just over 9 per cent year on year. The major contributor to this has been the success of the Churchill War Rooms. Income from commercial activities has grown similarly on the back of visitor numbers and the success of the airshow season.

Unrestricted expenditure has increased by £4.131 million compared to the previous year. This is for a number of reasons as follows:

- commercial expenditure has increased by 7 per cent as a result of the higher level of business;
- there has been an increase in the investment in the public programme with a further 6 per cent of costs;
- the level of expenditure incurred on managing the estate, including building maintenance and rates, has increased by 34 per cent. If this is combined with restricted expenditure, there has only been a 1 per cent increase year on year in total. The previous year had seen a higher element of this funded from restricted income.

The net movement on restricted funds is attributable wholly to income which is £14.126 million lower than the previous year. This comprises funding received in support of our Transformation project, educational activities and the 14-18 NOW cultural programme. The decline year on year represents the timing of the recognition of such funds for these projects.

Overall the level of funds carried forward at 31 March 2018 increased by £0.587 million in comparison to an increase of £17.615 million in the previous year. The increase this year is due to the revaluation gain on fixed assets as assessed at 31 March 2018 (£5.072 million).

The Trustees continued to apply the approved investment policy during the year. The policy states that the credit rating of the banks with which IWM and its subsidiaries place funds must be at least a 'double A' rating, as assessed by the Standard and Poor's index. In addition, in order to spread risk as widely as possible, IWM entities have a cap of £4 million or 25 per cent of the total Group funds available for investment at that date, whichever is the lower, with any one institution, unless exceptional amounts of cash are being held. All investments were held in cash at 31 March 2018.

## **5.1 Reserves policy**

### **Objective**

The policy, approved by the 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 6 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 5 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 2017–18 was 78 per cent (82 per cent in 2016–17).

### 5.3 Key performance indicators

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

Performance indicator ('000s)	2017–18	2016–17	% change
<b>Access</b>			
Number of visits to IWM (excluding corporate hospitality guests and virtual visitors)	2,465	2,416	2%
Number of unique website visits	6,646	6,186	7%
<b>Audience profile</b>			
Number of visits to IWM by children under 16	511	513	-0.5%
Number of overseas visitors	1,018	925	10%
<b>Learning and outreach</b>			
Number of facilitated and self-directed visits to IWM by children under 18 in formal education	138	97	42%
Number of instances of children under 18 in on-site organised activities	73	81	-10%
<b>Visitor satisfaction</b>			
Percentage of visitors who would recommend a visit	99%	99%	0%
<b>Income generation</b>			
Admissions income (gross)	£10,855	£9,919	9%
Trading net profit	£4,252	£3,717	14%
Fundraising income	£11,063	£12,601	-12%
<b>Regional engagement</b>			
Number of UK loan venues ( <i>exact number reported</i> )	92	90	2%

## 6. Staff Report

### 6.1 HR policies

IWM's HR policies seek to ensure that we create and support a workforce structure that is both flexible and sustainable and a working culture where staff are supported, skilled and proud of the work they do in the knowledge that IWM is making a difference to people's lives now and for generations to come.

Our strategic change programme, which saw the implementation of a new staff structure in April 2015, is an ongoing practice to ensure that we operate efficiently and are able to adapt to change by having the right people in the right places. There have been ongoing small-scale restructures and further rationalisation across IWM, which has included restructuring the HR team in anticipation of changing the way it delivers HR services to IWM.

After our pilot in 2016–17 we have revised our IWM Apprenticeship Scheme and Policy focused on helping us transform the way that we engage with and develop future talent from within the local communities, through encouraging people to enter the cultural and heritage sector, gain experience on the job, while gaining their vocational tertiary qualification. We have recruited four apprentices across London and Manchester and another two members of staff have engaged in management qualification training.

We launched a refreshed induction for new starters during the year which has engaged new and existing staff with the work that IWM does, and has endeavoured to enable new employees to visit all of our five branches, helping to promote and reinforce our new corporate way of working.

We have continued to work in partnership with our recognised trade unions, the FDA, PCS and Prospect. Our Cultural Change Ambassador Network continues to make a visible difference to our working culture. This dedicated group of staff across the organisation have volunteered to work together to bring about culture change at IWM and included the delivery of a number of social activities and events to celebrate IWM's Centenary in 2017.

In June 2017 we introduced a new Training and Development strategy which sets out how IWM will become a learning organisation; achieving our objectives of encouraging staff learning on a wider scale and attracting new staff through our sector-leading training and development approach. The strategy outlines how we will value each member of staff all the way through their IWM career, supporting their personal development so they in turn will be highly skilled, committed and engaged. Practical applications of this strategy will include the expansion of IWM's apprenticeship schemes (for new and existing staff) following the 2017 introduction of the apprenticeship levy and the development of a framework for Masters and PhD programmes that links to the IWM Institute, as well as the development of more robust internal partnership coaching opportunities including mentorship and bespoke management and leadership programmes.

In February 2018 we undertook a staff engagement survey with a third party which had significant uptake amongst the departments at IWM; notable when compared with the participation numbers for our 2012 survey. The results revealed a high level of satisfaction amongst staff with 90 per cent stating that they were happy working with the

people on their respective teams. There were also exceptionally high scores to indicate staff felt valued and heard within the organisation and we will work towards a more integrated communication plan to ensure we are working most effectively across the board. The action plan will be implemented in summer 2018.

## **6.2 Staff composition**

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

The Gender Pay Gap Regulations passed in 2017 required all employers with over 250 staff to carry out Gender Pay Reporting. IWM published results in March which reported a mean difference between the average salaries for men and women of 2 per cent; the median is 1.25 per cent, placing IWM well above the national average of 9.1 per cent.

At the end of March 2018,<sup>3</sup> 7.27 per cent of our staff considered themselves to have a limiting disability, 5.97 per cent of staff were from a black or minority ethnic group and 5.13 per cent LGBTQ. On average (over the period), our workforce was made up of 47.14 per cent male and 52.86 per cent female employees. 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 50 per cent female and 50 per cent male Assistant Directors. These figures reflect a positive balance in terms of gender makeup across the museum.

The total number of staff sick days has decreased this past year. Short and medium-term sick leave averaged at 2.85 days for 2017–18 compared to 2.92 days for 2016–17. We continue to work with systems to proactively manage absences and put in place initiatives which will further increase the wellbeing of our staff which in turn should continue to reduce the number of sick days.

## **6.3 Inclusivity**

IWM recognises that diversity is vital to a successful organisation and remains committed to further developing a culture of diversity and inclusion, to ensure equal opportunities for all. Our new Access and Inclusion strategy will be agreed in 2018 and will be embedded across IWM by delegating responsibility to all teams to help to ensure any barriers to being a fully inclusive employer are removed. Similarly, our HR practices will be reviewed to remove unconscious bias from recruitment and our new training and development programme will enable leadership development from within.

We seek to adopt best practice in inclusive design in all our projects, activities and visitor service provision, to ensure that physical, sensory and intellectual access is maximised. Access, equality and diversity issues are always considered when developing our public programmes; from project initiation documents and throughout all exhibition planning. One of our key objectives is to prioritise diversity and access as part of our major capital projects, where project design teams work closely with access advisory groups to ensure that the physical layout of our buildings (entrances, circulation, visitor routes and wayfinding), services and amenities and exhibition spaces are considered. The team working on the second phase of Transforming IWM London have developed an access

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<sup>3</sup> Percentages reported are of those who made a declaration

design guide for the new galleries and are running a series of access consultation focus groups to inform the approach within the galleries. Access to our collections continues to be facilitated through our website, research room visits, Explore History facilities, loans programme, our First World War digital projects and the First World War Centenary Partnership as well as our digital learning resources.

#### **6.4 Personal data**

There were no personal data-related incidents to report for the period 2017–18.

## **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 performance and practice 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 that 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**

IWM are registered with, and comply with the Government Reduction Commitment (CRC) Energy Efficiency Scheme. We measure and monitor consumption at each of our five branches and make this information available to the public through Display Energy Certificates. Furthermore, energy consumption reduction is a priority, measured as one of our Key Performance Indicators and reported to Senior Management.

The estate we manage is considerable, comprising 114 buildings, an operational airfield dating back to the First World War, a Second World War Cruiser and Churchill's wartime bunker beneath Whitehall. We are committed to reducing our carbon footprint; however, 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 considerable challenge in reducing usage. Our Estate Strategy sets out a road map for the long-term management of our buildings, historic sites and infrastructure systems. Sustainability measures have been considered and incorporated into our plans for Transforming IWM London, to comply with Sustainability frameworks and identify scope for improvements. Through our phased lifecycle maintenance programme, we are progressively improving our infrastructure to ensure we have energy efficient systems.

Our Collections Management department continues to explore solutions for driving further energy efficiencies and reducing utilities costs, while ensuring that our collections are stored in optimal conditions. During 2018–21 we are undertaking a significant collections storage programme, which will see our collections consolidated and stored at IWM Duxford. The approach will support the improvement of our collections storage conditions and lead to greater energy and financial efficiencies. As planning has now been approved, we have commenced the construction of one new building using the German Passivhaus approach (low energy building).

We are beginning to see the effects of our efforts over the past six months to reduce energy consumption through our programme to replace lighting in the plant rooms with more efficient LED lighting schemes - beginning with IWM London and Churchill War Rooms but with plans to be rolled out across all sites. This is reflected in our reduced electricity emissions year-on-year.

Our gas consumption has increased compared to 2016–17; this is likely due to the exceptionally cold weather and heavy snowfall this past winter. We have seen a

decrease in the emissions from our organisational-owned fleet vehicles in 2017–18 due to the reduction in use of vehicles for exhibitions and the sale of one of our vehicles which was replaced by a leased vehicle. The emissions and expenditure of emissions from organisation-owned fleet vehicles figures for 2014–15 to 2016–17 have been reprofiled to reflect just our owned vehicles. Previous statement included vehicles not owned by IWM.

We are working towards more robust accountability measures for our domestic business travel emissions and have based current estimates on the internal resources and external guidance available in order to report on this. While these figures may be conservative, they are representative of the change in organisational structure with a shift towards working more corporately and subsequent increased levels of staff travel across IWM sites. Measures are in place to ensure efficient travel procedures, encouraging group and public travel rather than private travel, to minimise these emissions levels.

<b>Greenhouse gas emissions (actual)</b>	2017–18 actual	2016–17 actual	% change year on year	2015–16 actual	2014–15 actual
Scope 1: total emissions (tCO <sub>2</sub> e)	1,580	1,429	11%	1,554	1,167
Scope 1: emissions from gas consumption (tCO <sub>2</sub> e)	833	818	2%	948	851
Scope 1: emissions from oil consumption (tCO <sub>2</sub> e)	720	577	25%	557	539
Scope 1: emissions from organisational-owned fleet vehicles (tCO <sub>2</sub> e) <sup>4</sup>	4.8	9.1	-47%	9.9	8.4
Scope 2: Energy consumed (kWh) electricity, gas and oil consumption combined ( <i>rounded up to nearest 000's</i> )	16,710	17,066	-2%	19,686	18,384

<b>Greenhouse gas emissions Financial expenditure '000s</b>	2017–18 actual	2016–17 actual	% change year on year	2015–16 actual	2014–15 actual
CRC Energy Efficiency Scheme	£198	£122	-20%	£124	£127
Carbon offset purchases	£0	£0	-	£0	£0

<sup>4</sup> The emissions from organisation-owned fleet vehicles figures for 2014-15 to 2016-17 have been reprofiled to reflect just our owned vehicles. Previous statement included vehicles not owned by IWM.

Scope 1: expenditure of emissions from organisation-owned fleet vehicles (gross) <sup>5</sup>	£1.8	£3.9	-53%	£4.2	£3.7
Scope 2: expenditure of energy consumed (kWh) electricity, gas and oil consumption combined	£1,433	£1,436	0%	£1,383	£1,439
Electricity expenditure	£1,200	£1,225	-2%	£1,198	£1,188
Gas expenditure	£233	£211	10%	£185	£251
Scope 3: Total expenditure of official business travel (subdivided below)	£379	£276	37%	£221	£179
Air travel	£18	£13	38%	£11	£8
Rail and underground	£225	£164	37%	£131	£107
Bus or coach	£7	£5	40%	£4	£3
Hire car or taxi	£38	£28	36%	£22	£18
Private vehicle	£91	£66	38%	£53	£43

## 7.2 Waste management and minimisation

We work in partnership with our waste services providers to ensure that minimal waste is sent to landfill and that we achieve higher levels of recycling. We have appointed a single contractor across our five branches since November 2016, which means that we are able to implement a cohesive waste minimisation strategy across the museum and monitor the performance of all five branches. Note: prior to November 2016 waste consumption figures for Churchill War Rooms and HMS *Belfast* were excluded from our reports due to the complex supply chain in place at the time.

We continue to work closely with our new waste contractor to 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 or composted. Where appropriate waste material is reused. Our waste provider actively avoids sending any waste to landfill, instead ensuring that waste that cannot be recycled or reused is incinerated through the waste-to-energy schemes, where energy created from remaining waste is channelled back into the National Grid.

<sup>5</sup> The expenditure of emissions from organisation-owned fleet vehicles figures for 2014-15 to 2016-17 have been reprofiled to reflect just our owned vehicles. Previous statement included vehicles not owned by IWM.

We continue to work with our waste service providers to fulfil our commitment to divert the volume of waste we send to landfill, ensuring that all waste generated is responsibly sorted and disposed of. Our increased levels of recycling this year are testament to our allocation of waste across our daily museum operations, large-scale visitor events (such as air shows), corporate hospitality and the maintenance of our grounds, maintaining minimal impact on landfill. Since the appointment of our new waste service providers in November 2016, there has been a reduction in the amount of waste incinerated with energy recovery and this year, there has been an elimination of waste sent to landfill. With the enabling works for Transforming IWM London phase 2 and the storage programme, and the subsequent office moves, there has been an increased generation of waste.

We are involved in the waste-to-energy scheme, where energy created from remaining waste that cannot be recycled is channelled back into the National Grid. Waste minimisation strategies are practiced by our on-site contractors (environmental sustainability being an important aspect of our procurement process). For example, through recycling and composting of waste from the maintenance of our grounds as well as our café and corporate hospitality operations.

We are currently reviewing all policies on the handling and disposal of hazardous waste relating to IWM collections.

<b>Waste minimisation</b>	2017–18 actual	2016–17 actual	% change year on year	2015–16 actual	2014–15 actual
Total standard waste arising (tonnes) *	638	499	28%	559	531
Waste sent to landfill (tonnes)**	0	35	-100%	21	21
Waste recycled or reused (tonnes) *	163	167	-2%	218	234
Composted waste (tonnes) *	18	17	6%	22	9
Percentage of waste recycled and composted *	28%	37%	-9%	43%	46%
Waste incinerated to convert to energy (tonnes)*	445	280	59%	297	268
Average waste produced per annum per visitor and full time equivalent staff (kilograms)*	0.25	0.26	-3.8%	0.32	0.19
Average waste recycled, reused or composted per annum per visitor and full time equivalent staff (kilograms)*	0.07	0.09	-22.2%	0.14	0.08

\* Waste figures for financial year 2016–17 include all five branches from the period of November 2016 to March 2017. Prior to this, figures reported excluded Churchill War Rooms and HMS *Belfast* due to a complex supply chain that was in place at the time and the fact that this information was not available from the service providers. We now have one provider in place for all five branches. Please note that this may skew year-on-year comparisons as we are not comparing waste disposal volume on a like-for-like basis.

\*\* The proportion of waste to landfill has reduced as our service providers since November 2016 do not send any waste to landfill.

<b>Waste minimisation Financial expenditure'000s</b>	2017–18 actual	2016–17 actual	% change year on year	2015–16 actual	2014–15 actual
Total expenditure on waste disposal	£200	£71	182%	£100	£73
Expenditure on waste sent to landfill	£0	£5	-100%	£3	£3
Expenditure on waste recycled	£51	£24	113%	£42	£32
Expenditure on waste incinerated	Nil	nil	-	nil	nil
Expenditure on waste converted to energy	£139	£40	248%	£53	£37

### 7.3 Finite resource consumption

We actively take measures to conserve water, paper and other scarce or non-renewable resources by investing in efficient systems and technologies and encouraging more responsible use of resources across IWM.

All timber that we procure for our exhibitions programme and capital/construction projects is procured from sustainable sources, with suppliers required to provide us with certificates to validate this.

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

This year we have continued to see a decrease in paper print usage as a result of the PaperCut print management system we use across IWM, as reflected in our reduced paper consumption figures year-on-year. Staff activate all print jobs with their staff pass. A proportion of jobs sent to print will remain unreleased and this function continues to have a demonstrable positive impact on wastage. In 2017–18 we have saved over 77,065 sheets of paper from unreleased jobs, an equivalent cost of £2,104. This is the equivalent of 346.8Kg of CO<sub>2</sub> saved and over 21,835 light bulb hours saved (this

measure equates the manufacturing energy of the paper saved to the energy consumed by a standard light bulb in hours). Our overall print usage has reduced by over 226,000 sheets of paper. Decreased paper usage can also be attributed to other efficiency measures of the system, such as 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. Compared with last year, we have seen a significant drop in the number of sheets of paper and jobs sent to print - as reflected by our figures for paper consumption and expenditure. Other small changes that are contributing to more responsible use of resources, includes giving all new staff a single laptop device and offering existing staff the option to consolidate to a new laptop and docking station from two older devices. All new devices are ENERGY STAR® certified. All of our oldest PC's have been replaced with low-power ENERGY STAR® certified devices, where laptops are not suitable. We have also introduced new remote access software, enabling increased ability to work elsewhere and reducing the need to commute. In addition, increased usage of Skype for business and more and better equipped meeting rooms, means that site to site travel is not always necessary.

We have increased our use of virtual servers and are deploying on virtual servers by default, where possible. This means that we are fully utilising hardware and reducing the power and cooling requirements in data centres. We now have only 68 physical versus 132 virtual servers.

Water consumption has increased overall; the increase to supplied water (office estate), while in part due to estimated reporting last year, can also be attributed to a water leak at IWM Duxford, which has since been resolved.

The increase to non-office estate (abstracted) is due to completion of improvements to the water abstraction service.

<b>Finite resource consumption</b>	2017–18 actual	2016–17 actual	% change year on year	2015–16 actual	2014–15 actual
Finite resources, water (in cubic metres / m <sup>3</sup> )*. <i>Rounded up to nearest 000's</i>	126	75	68%	68	48
Paper consumption - A4 (reams of paper). <i>Actual number reported</i>	2,170	2,525	-14%	5,255	n/a
Paper consumption – A3 (reams of paper). <i>Actual number reported</i>	45	155	-71%	200	n/a

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

<b>Finite resource consumption Financial expenditure '000s</b>	2017–18 actual	2016–17 actual	% change year on year	2015–16 actual	2014–15 actual
Expenditure on water supplied	£183	£156	17%	£136	£104
Expenditure on paper A4 & A3	£5	£6	-17%	£14	n/a

## **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 transportation and 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 collections as widely accessible as possible has an impact on the environment (through our loans out programme and through loans in for temporary exhibitions). In an effort to manage this impact, we have good practices of reusing and recycling embedded within our Exhibitions and Interpretation department. In our exhibition fit-outs we recycle and reuse equipment (including AV equipment) and building material wherever possible. Real efforts are made to source exhibition materials from local suppliers to reduce fuel consumption of transportation costs.

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 to reduce fuel delivery consumption, while audio-visual 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 to 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.

## 7.6 Future plans

Transforming IWM London phase 2, the second phase of our long-term masterplan for IWM London is currently underway. The project involves the partial refurbishment of a grade 2 listed, historic building and as such we are working to a bespoke framework which draws from BREEAM (a recognised environmental assessment method and rating system for buildings). We are also aiming for BREEAM excellence within our new staff accommodation facilities. The project design team's consultants are tasked with reporting against this framework throughout the design and construction programme.

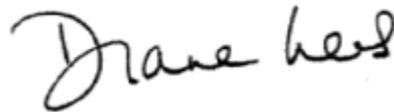
In the current financial year (2018–19) sustainability will be incorporated within our Estates Strategy and sustainability is being considered as integral to our Transforming IWM London plans. Out of this will come a series of targets and performance measures that will improve internal governance and our transparency around sustainable practice and the quality of future sustainability performance reporting.

In tandem with this we are updating our sustainable development policy statement and developing a new sustainability strategy for IWM London. Once in place, the strategy will inform best practice for current projects (such as Transforming IWM London phase 2) as well as all future masterplan phases, facilities upgrades and maintenance programmes. We will set a series of targets and performance measures that will improve the governance, monitoring and reporting of sustainable practice and performance across IWM. Our strategy and framework will cover energy and water consumption, materials, waste management, health and wellbeing, transport, land-use/ ecology, pollution and innovation.



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

Date 27 June 2018



Diane Lees CBE FMA FRSA  
Director-General and Accounting  
Officer

Date 27 June 2018

## **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](http://iwm.org.uk)

### **8.2 Principal advisers**

#### **Solicitors**

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

#### **Principal bankers**

Barclays Bank  
Leicester  
Leicestershire  
LE87 2BB

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

### **8.3 Audit**

Under statute, the Comptroller and Auditor General is the principal auditor of IWM's consolidated accounts for the year ended 2016–17. The audit fee in respect of this work was £40,000.

#### **Auditors**

##### **Consolidated accounts**

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

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

##### **Imperial War Museum Trading Company Limited**

Kingston Smith  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

##### **Imperial War Museum Film Production Limited**

Kingston Smith  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

##### **Internal audit**

Mazars  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

### **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**

Tamsin Todd KCMG PC (Chair)  
Keith Cameron  
Jon Card ACA  
Diane Lees CBE  
Paul Potts CBE (to 30 June 2017)  
Catharine Pusey

## **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**

ACM Sir Stuart Peach GBE KCB ADC DL

### **Deputy Chairman**

Matthew Westerman \*

### **Board Members**

Lord Ashcroft of Chichester KCMG PC  
Desmond Bowen CB CMG (from 22 December 2017)  
Hugh Bullock (from 1 February 2018)  
Elizabeth Cleaver  
Lt General Andrew Figgures CB CBE (from 1 February 2018) \*  
Rear Admiral Amjad Hussain CB \*  
Tim Marlow  
Dame Judith Mayhew Jonas DBE (to 11 November 2017) \*  
Suzanne Nicholas (from 1 January 2018)  
Paul Potts CBE (to 30 June 2017)  
Sir John Scarlett KCMG OBE (to 20 December 2017)  
Professor Sir Hew Strachan PhD FRSE (to 28 February 2018)  
Tamsin Todd  
Mark Urban (from 16 March 2018)  
Peter Watkins

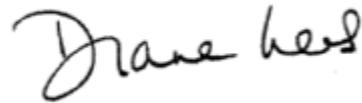
His Excellency The Hon Alexander Downer (High Commissioner for Australia)  
Her Excellency Janice Charette (High Commissioner for Canada)  
His Excellency Mr Y K Sinha (High Commissioner for India)  
His Excellency Lt General the Rt Hon Sir Jerry Mateparae (High Commissioner for New Zealand)  
His Excellency Syed Ibne Abbas (High Commissioner for Pakistan)  
His Excellency Obed Mlaba (High Commissioner for South Africa)  
Her Excellency Ms Amari Wijewardene (High Commissioner for Sri Lanka)

*\* Members of the Board's Audit Committee*



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

Date 27 June 2018



Diane Lees CBE FMA FRSA  
Director-General and Accounting  
Officer

Date 27 June 2018

## 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. 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 2017–18 or 2016–17. Pay rises were capped at 1.5 per cent for all Directors in 2017–18. 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 2018 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)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>D Lees</b> Director-General	150-155	145-150	20	19	nil	nil	16	26	185-190	185-190
<b>J Card</b> Executive Director Collections and Governance	110 - 115	115 - 120 (FTE 110 - 115)	nil	nil	nil	nil	13	59	120-125	175-180 (FTE 165-170)
<b>G Etheridge</b> Acting Executive Director Museum and Visitor Services (1 April 2016 to 8 January 2017) and Change Director	95 - 100	100 - 105 (FTE 90 - 95)	nil	nil	nil	nil	36	42	130 - 135	120-125 (FTE 125-130)
<b>G Perry</b> Executive Director Museum and Visitor Services (from 9 November 2015 to 30 June 2016)	nil	25 - 30 (FTE 85 - 90)	nil	nil	nil	nil	nil	8	nil	30-35 (FTE 95-99)
<b>G Webber</b> Executive Director Content and Programmes (from 11 January 2016 )	100 - 105	95 - 100	nil	nil	nil	nil	39	38	135-140	135-140

	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£1,000)		Total (£1,000)	
<b>J Brown</b> Executive Director Commercial Services and Operations (from 9 January 2017)	95 - 100	21-25 (FTE 90-95)	nil	nil	nil	nil	39	8	135-140	21-25 (FTE 90-95)

The figure relating to the pension for the Director-General, Diane Lees, has been re-stated for 2016–17 to take into account a retrospective update to pensionable earnings due to non-consolidated bonus.

The 2016–17 remuneration received by the Executive Director for Collections and Governance, Jon Card, and the Acting Executive Director of Museum and Visitor Services, Graeme Etheridge, include an amount of back-dated pay (the fulltime equivalent range relates to the range in which the actual pay received during the year). This is why the remuneration for both Directors is in a higher range in 2016–17 than in 2017–18.

For 2017–18 Ms Lees was provided with an accommodation allowance of £13,462 (2016–17, £13,462), 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 Executive Director of Museum and Visitor Services, Gregory Perry, left the museum on 30 June 2016. Graeme Etheridge covered this role until the appointment of the new Executive Director of Commercial and Operations, John Brown, who started in his post on 9 January 2017. Graeme Etheridge's costs are shown above, for 2017–18, for comparative purposes.

During 2017–18, the Executive Director for Collections and Governance, Jon Card, took a period of sick leave. A fee of £79,659 was paid to Odgers for an Interim Director of Finance to cover this absence.

The Change Director, Graeme Etheridge, was part of the Executive Leadership Team until January 2018.

The Chairman and Board of Trustees received no remuneration for their services during 2017–18 or 2016–17. Travel and subsistence expenses paid to three Trustees amounted to £418 (this was £1,470 in 2016–17).

### 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.

	<b>2017-18</b>	<b>2016-17</b>
	£1,000	£1,000
Band of highest paid director's total remuneration	170-175	165-170
Median total remuneration	£27,405	£26,831
Ratio	6.29	6.24

The banded remuneration of the highest-paid director in IWM in the financial year was £170,000 – £175,000 (2016–17, £165,000 – £170,000). This was 6.29 times (2016–17, 6.4) the median remuneration of the workforce, which was £27,405 (2016–17, £26,831).

In 2017–18, no employees (2016–17, 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 31/3/18 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/18 £'000	CETV at 31/3/17 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
<b>D Lees</b> Director-General	50 - 55 plus a lump sum of 40 - 45	0 – 2.5 plus a lump sum of 0	922	849	12	nil
<b>J Card</b> Executive Director Collections and Governance	30 – 35 plus a lump sum of 95 – 100	0 – 2.5 plus a lump sum of 2.5 – 5	737	704	13	nil
<b>G Etheridge</b> Acting Executive Director Museum and Visitor Services (1 April - 9 November 2015) and Change Director	5 – 10	0 – 2.5	94	70	14	nil
<b>G Perry</b> Executive Director Museum and Visitor Services (from 9 November 2015)	nil	nil	nil	17	nil	nil
<b>G Webber</b> Executive Director Content and Programmes (from 11 January 2016)	5 – 10	0 – 2.5	62	33	21	nil
<b>J Brown</b> Executive Director Commercial Services and Operations (from 9 January 2017)	0 – 5	0 – 2.5	36	6	22	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 within 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 4.6 percent and 8.05 percent of pensionable earnings for members of classic, premium, classic plus, nuvos and 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 percent 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 that the accrual rate is 2.32 percent. In all cases members may opt to give up (commute) pension 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 8 percent and 14.75 percent (depending on the 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 0.5 percent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

The CETV equivalents for Diane Lees as at 31 March 2017 has been re-stated to take into account a respective update to pensionable pay.

### **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)	10 (8)	10 (8)
£10,000–£25,000	nil (nil)	3 (6)	3 (6)
£25,000–£50,000	nil (nil)	8 (10)	8 (10)

£50,000-£100,000	nil (nil)	2 (5)	2 (5)
£100,000-£105,000	nil (nil)	1 (nil)	1 (nil)
Total number of exit packages	nil (nil)	24 (29)	24 (29)
Total resource cost / £	nil (nil)	£651,071 (£802,552)	£651,071 (£802,552)

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 the 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).

### The Trade Union (Facility Time Publication Requirements) Regulations 2017

#### 1 Relevant union officials

The total number of the employees of IWM who were union officials during 2017–18.

Number of employees who were relevant union officials during 2017–18	Full-time equivalent employee number
2	2

#### 2 Percentage of time spent on facility time

The number of employees of IWM who were relevant union officials employed during 2017–18, and the percentage of their time spent on facility time.

Percentage of time	Number of employees
0%	nil
1%-50%	2
51%-99%	nil
100%	nil

#### 3 Percentage of pay bill spent on facility time

The percentage of the total pay bill of Imperial War Museum spent on paying employees who were relevant union officials for facility time for 2017–18.

Total cost of facility time	£5,083
Total cost of Imperial War Museum pay bill	£19,486,159
The percentage of Imperial War Museum's pay bill spent on facility time	0.03%

#### 4 Paid trade union activities

The percentage of time spent by employees, who were relevant union officials during 2017–18, on paid trade union activities.

Time spent on paid trade union activities as a percentage of total paid facility time hours	4.25%
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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 Digital, 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:

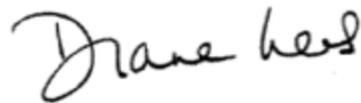
1. Observe the accounts direction issued by the Secretary of State and the Government Financial Reporting Manual, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
2. Make judgements and estimates on a reasonable basis
3. State 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 Digital, 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. As far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware, and she has made herself aware of any relevant audit information and established that the entity's auditors are aware of that information. The Accounting Officer confirms that the annual report and accounts is fair, balanced and understandable and takes responsibility for the Annual Report and Accounts.



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

Date 27 June 2018



Diane Lees CBE FMA FRSA  
Director-General and Accounting  
Officer

Date 27 June 2018

# **Governance Statement**

## **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 Digital, Culture, Media and Sport (DCMS) as our sponsoring body.

## **2 Corporate governance framework**

### **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 Mazars, an independent company which operates within the government Internal Audit Standards. External independent sources of assurance are provided by Ernst and Young, who undertake the external audit of the Group accounts on behalf of The National Audit Office, and Kingston Smith, who audit our Trading Company.

### **2.2 Board of Trustees**

As a non-executive board, IWM's Trustees are collectively responsible for the management and control of IWM.

#### **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 Digital, 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 interests of IWM.

Three Trustees retired from the Board and one resigned their position during 2017–18: Paul Potts, Dame Judith Mayhew Jonas, Sir John Scarlett and Professor Sir Hew Strachan. Two new Trustees were appointed by the Foreign and Commonwealth Office (Suzanne Nicholas and Desmond Bowen) to succeed Sir Francis Richards (retired 2016) and Sir John Scarlett; Lt General Andrew Figures succeeded Lt General Sir John Kiszely (retired 2016) in February 2018; Hugh Bullock was appointed in February 2018 in succession to Dame Judith Mayhew Jonas; and Mark Urban succeeded Paul Potts with effect from 16 March 2018. There is currently one vacancy on the Board.

## **Role**

The Board approves IWM's Corporate Plan objectives and the targets are agreed with DCMS through our Funding Agreement. Along with approving strategic direction, the Board of Trustees monitors our performance and the progress of projects and programmes set out in 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), the Art Commissions Committee, the Remuneration Committee and the Nominations Committee.

## **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 Accounts for approval to the main Board and is responsible for policy review. It reviews internal and external audit reports, and agrees an internal audit strategy 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 takes the lead in Trustee appointments and provides a representative of the Board to sit on appointments panels.

## **2.4 Executive Teams**

### **2.4.1 The Executive Leadership Team**

Our Executive Leadership Team (ELT) is an executive, decision-making body that is responsible for the strategic leadership of IWM. The team supports the Accounting Officer in the delivery of our strategic aims and objectives as agreed with the Board of Trustees.

#### **Membership**

- Director-General (Chair)
- The Executive Director of Collections and Governance
- The Executive Director of Content and Programmes
- The Executive Director Commercial Services and Operations
- The Change Director (until January 2018)

#### **Role**

ELT is 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, investment and resource allocation. The team maintains 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 ratifies new strategy and key areas of policy and process, prior to presentation to the Board of Trustees for final approval. The team leads on the process of change including cultural change as the organisation continues to develop and progress as part of the ongoing change programme.

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

### **2.4.2 The Senior Management Team**

Our Senior Management Team (SMT) supports the Director-General and ELT in the general management of IWM. Following direction from ELT, the team takes forward IWM's agreed strategic aims and objectives.

#### **Membership**

- Assistant Director Strategy and Planning (Chair)
- Assistant Director Collections Management
- Assistant Director Commercial Services

- Assistant Director Major Projects
- Assistant Director Narrative and Content
- Assistant Director Visitor and Property Services
- Chief Information Officer
- Executive Head of Development
- Assistant Director Communications
- Assistant Director Exhibitions and Interpretation
- Assistant Director Public Engagement and Learning
- Assistant Director Digital Transformation

## **Role**

SMT actively manages the system of controls determined by ELT. This includes stewardship of funds and assets and the management of risk. They prepare strategy documents and recommend policy changes to ELT. SMT coordinates 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. The team is responsible for coordinating budget and staff resource to ensure that we deliver our Corporate Plan activities and our highest strategic priorities.

SMT is active in delivering IWM's change programme, helping to embed new ways of working, monitoring performance across all areas of business and actively supporting organisational change.

### **2.4.3 Governance Boards**

Our Governance Boards support SMT in the delivery of our strategic priorities. The Boards are chaired by Assistant Directors<sup>6</sup> and report back to SMT on emerging issues and progress made in the following areas:

- Commercial, Fundraising and Financial Sustainability
- Public Programme
- Strategic Relationships
- Collections Management
- Estates and Infrastructure
- Staffing (and ways of working)
- Major Projects Board
- Digital Transformation

The structure in place facilitates close cross-departmental working and collaboration and in doing so ensures that we are directing resource to our highest strategic objectives.

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<sup>6</sup> With the exception of Public Engagement and Content, which is chaired by The Executive Director Content and Programmes, and Major Projects Board which is chaired by the Director-General

### **3 Annual Review**

#### **3.1 Board of Trustees**

The Board of Trustees signed off the Annual Report and Accounts for 2016–17 and IWM’s Corporate Plan 2018–21. It has approved disposals from the collections on an ongoing basis in compliance with our statutory and governance requirements. Financial performance and progress against Corporate Plan 2017–20 targets and objectives has been monitored. The Board has carried out an annual review of risk management and received annual reports from the Audit Committee and Directors of the Trading Company as well as an annual presentation from the 14-18 NOW Centenary Commissioning Programme.

Key areas of business considered and approved include:

- Progress of IWM’s major projects including the second phase of Transforming London (the redevelopment of our Holocaust and Second World War Galleries), the IWM Duxford masterplan and our Collections Storage programme
- Our Collections Development programme, including our Contemporary Collecting Strategy
- Organisational change, including the Digital Transformation Strategy
- IWM’s Public Programme

The Board held its annual Away Day in April 2018 when Trustees carried out their annual effectiveness review (see 3.6), heard from the Director-General about plans and priorities going forward and discussed three particular areas of strategic focus.

#### **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 information of a high standard and appropriate level of detail. A minor recommendation regarding the visual representation of performance measures is being worked on to ensure that there is greater visibility of areas where performance can be improved.

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

#### **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. It has approved IWM’s Internal Audit strategy for 2018–19 and monitored the progress of internal audits for the current year (2017–18), ensuring that outstanding recommendations from prior audits have been actioned. Annual assurances from IWM Duxford’s Flight Safety Committee and the Health and Safety Annual Report were received and the IWM’s Annual Report and Accounts were recommended for approval. The Committee’s Terms of Reference are reviewed annually.

### 3.4 Nominations Committee

The Board's Nominations Committee was established in March 2016 in order to take the lead in Trustee appointments. It has been consulted once in the current year (2017–18).

### 3.5 Board and Committee attendance

The Board of Trustees' record of attendance is considered to be important and the 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 64 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%
Desmond Bowen	100% (1 / 1)
Hugh Bullock	100% (1 / 1)
HE Janice Charette (or representative)	100%
Elizabeth Cleaver	100%
HE The Hon Alexander Downer	100%
Lt General Andrew Figgures	100% (1 / 1)
HE Syed Ibne Abbas (or representative)	0%
Rear Admiral Amjad Hussain	50%
Tim Marlow	75%
HE Lt General the Rt Hon Sir Jerry Mateparae	100%
Dame Judith Mayhew Jonas	100% (2 / 2)
HE Obed Mlaba (or representative)	0%
Suzanne Nicholas	100% (1 / 1)
Air Chief Marshal Sir Stuart Peach	100%
Paul Potts	- (0/0)
Sir John Scarlett	100% (3 / 3)
HE Y K Sinha (or representative)	50%

Professor Sir Hew Strachan	66% (2 / 3)
Tamsin Todd	100%
Mark Urban	- (0 / 0)
Peter Watkins	25%
Matthew Westerman	75%
HE Amari Wijewardene (or representative)	25%

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 been 94 per cent.

Committee Member	Attendance
Matthew Westerman (Chair)	100%
Rear Admiral Amjad Hussain	75%
Lynn Krige (co-opted)	100%
Dame Judith Mayhew Jonas	100% (2 / 2)

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

Committee Member	Attendance
Tim Marlow (Chair)	100%
Fiona Bradley	0%
Jennifer Higgin	100%
Paul Seawright	0%
Jenny Waldman	100%
Diane Lees	100%
Hilary Roberts	100%

Over the past year, there has been no departure from the Corporate Governance Code<sup>7</sup>.

<sup>7</sup> IWM's Corporate Governance Code follows recommended good practice of HM Treasury's Corporate Governance Code. It brings together the powers and responsibilities recorded in legislation and regulations laid down by Parliament, HM Treasury (HMT), the Department for Digital, Culture, Media and Sport and the Charity Commissioners,

### **3.6 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 skill sets
- Strategic direction
- Meetings and succession planning

The review in April 2018 found that the Board has a positive governance process and effective meetings and committees. A revised skills matrix was drawn up and the succession plan was reviewed. The Director-General presented the strategic priorities for the year ahead and Trustees discussed three broad strategic themes, focussing on Future Direction, Commercial income generation and Partnerships.

## **4 Internal accountability mechanisms**

### **4.1 Executive managers**

Assistant Directors, senior managers and their management teams regularly review their Corporate Plan objectives and the risks involved in achieving them. Risks and mitigating actions are reported via quarterly reports. In this way emerging issues and risks at operational level are brought to the attention of SMT and ELT. As part of this review of risk, 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.

The controls, systems and processes we have in place are further tested by a series of management checks that are carried out by designated staff in their respective areas. The corporate management check framework is currently being reviewed to ensure that it reflects the staff structure in place since IWM's Change Programme was implemented in 2015–16. This will provide assurance that the checks that are in place are relevant, effective and that there are no gaps in its coverage.

Management accounts are reviewed by budget holders on a monthly basis. It is the Assistant Director's 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.

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.

### **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.

## **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, updated in April 2017. The strategy is supported by our strategic risk register, which groups our highest priority risk areas into ten strategic risks.

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

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

### **5.1 Risk profile**

Following an internal audit of IWM risk management practice, minor changes have been made to our strategic risk register. We introduced a new strategic risk around the threat of 'major projects are delayed' to monitor our ambitious and interdependent major projects including Transforming IWM London, IWM Duxford Masterplan and the new accommodation project. The complexity of our operational activity is reflected in our risk profile.

A summary of our current risk profile as well as our response to emerging risks over the past year can be found below:

- The Board of Trustees consider the threat of cyber-crime and a breach in IT security to be a serious matter. We have invested in IT security measures and staff resource to actively manage cyber security threats. The residual risk is rated Amber to reflect the good practice in place through the procedures, policies and security measures we have implemented to protect our IT network from a cyber-attack. It also reflects the fact that we have Cyber Essential accreditation and are working to meet the Government's Cyber Essentials Plus security standard in 2018–19.
- The risk relating to financial resources has remained at Amber. A reduction in our fixed cost base (following the implementation of our change programme in 2015–16) places us in a stronger position in which to face financial challenges. We have taken every action we can to protect IWM's operation and strategic development from external financial pressures, with appropriate levels of contingency in place as a

buffer against economic uncertainties. At the same time the rating reflects the fact that this risk is a significant challenge to us, owing to a difficult funding environment, the prospect of further reductions in government funding post 2019–20 and greater reliance on self-generated income. Rising inflation and potential changes to consumer habits could exert pressure on our income generating activities.

- Visitor number performance was mixed over the year and the residual Amber rating reflects the risk presented by declining audiences. Visitor trends have been impacted by financial pressures, such as inflation, and concerns about terrorism and security, especially in London. On the positive, our Marketing team have developed a comprehensive Audience Development Strategy, which alongside our Digital Transformation Strategy will help us achieve greater reach and impact.
- The overall residual risk rating for 'inefficient and outmoded infrastructure' was downgraded to Amber in April 2017 to reflect the long-term investment in, and improvement of our buildings, plant and infrastructure. The residual Amber rating reflects the overall challenge of maintaining our estate and infrastructure development including the heightened exposure to risk, but in the longer-term, major projects in train, such as the structural survey on HMS *Belfast*, and masterplanning, when realised, will significantly increase the understanding of and effective and efficient use of our estate.
- The residual rating for 'low staff motivation and productivity' was brought down from a Red rating to an Amber position. The improved position reflects the successful implementation of our Change Programme, with a new staff structure and ways of working in place since April 2015. While there continues to be a level of flux, the position is anticipated to continue to move in a positive direction as we deliver a new Training and Development programme for our staff in the upcoming year, as part of a wider HR Strategy, and as our Cultural Change Ambassador Network continue to champion a new organisational culture including a focus on staff wellbeing.
- The risk around significant business interruption was rebased from a Red to Amber position. A high inherent risk rating reflects the severe rating of the terrorism threat in the UK and internationally at present. Awareness of security issues amongst our staff and a strong business continuity planning regime are in place to control this risk as best as possible, as reflected by the residual Amber rating. Other mitigating controls include the funding and projects in place to support our highest priority FM maintenance works and the upkeep of our considerable estate.

Our strategic risk register and the direction of travel are monitored at regular intervals by SMT, ELT and our Audit Committee to ensure that emerging threats and opportunities are identified and monitored, that actions are being carried out and that the identified controls are effective.

## **5.2 Managing information security risk**

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

Risk relating to Information Security is assessed by Information Asset Owners on a regular basis, in the context of our ten strategic risks and through the quarterly reporting process. IAOs provide our Senior Information Risk Owner (SIRO), the 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 our 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 over the past year.

#### **5.4 Response to challenges**

Our most pressing challenge continues to be the threat 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 threat to the safeguarding of our assets and the information we hold. Our IT Security Strategy is supported by sound investment in IT security measures as well as the plans in place to meet the Government's Cyber Essentials Plus security standard and achieve accreditation in 2018.

The threat of terrorist activity and the public's perception of safety remains a significant challenge – now heightened following several attacks on British soil. We could see a period of reduced footfall from visitors from abroad, who make up a substantial proportion of our visitors. Our Audience Development Strategy is dynamic and is being refocused to target more resilient audiences. On a broader level, there is little we can do to eradicate this risk completely. Increased vigilance at our branches and contingency planning through solid emergency and business recovery procedures and training are in place to mitigate this risk.

We are operating in an uncertain economic climate. While we have taken every measure to ensure that IWM remains financially resilient in the future, the prospect of further reductions in government funding post 2019–20 and, in the short-term the impact of rising inflation on consumer behaviours are significant challenges.

IWM has a low risk appetite with regard to governance, compliance and regulation. The new General Data Protection Regulations (GDPR), which came into force on 25 May 2018, required a body of work to ensure that our systems and processes are compliant with the new directive. A compliance review has been built into the Internal Audit programme for 2018–19.

#### **6 Whistle blowing policy**

IWM is committed to the highest possible standards of openness, probity and accountability in the delivery of our services. Our whistleblowing policy is in accordance with The Public Interest Disclosure Act 1998, which reflects article 10 of the European Convention of Human Rights in providing the right to freedom of expression.

Our staff have a right and duty to raise concerns about malpractice, abuse or wrongdoing

at an early stage and in the right way, without fear of victimisation, subsequent discrimination or disadvantage. IWM's whistle blowing policy encourages staff with serious concerns, to come forward and voice those concerns, while procedures are in place to enable them to do so.

## **7 Internal Audit assessment**

As part of our internal audit plan, Internal Auditors, Mazars, has carried out reviews of our corporate governance, business continuity planning, counter-fraud, contract management and payroll. Interim reports and an annual report on progress against the internal audit plan for 2017–18 were issued over the course of the year. The reports include the Internal Auditors' independent opinion of whether there is an adequate level of assurance presented by the controls in place within the relevant business area audited. Recommendations for improvement are agreed with ELT and management.

Overall, the opinion provided by our internal auditors is that our governance, risk management and internal control arrangements are generally adequate and effective, with the exception of Collections Management and Risk Assessments. Certain weaknesses and exceptions were highlighted by internal audit, one of which was fundamental in nature that was in relation to the review of Collections Management. Internal audit findings and recommendations have been discussed with management and all recommendations have been, or are being addressed as a matter of priority.

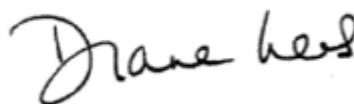
## **8 Assurance Statement by the Audit Committee**

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



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

Date 27 June 2018



Diane Lees CBE FMA FRSA  
Director-General and Accounting  
Officer

Date 27 June 2018

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Imperial War Museum for the year ended 31 March 2018 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated and Charity Statements of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report and Staff Report that is described in the reports as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Imperial War Museum's affairs as at 31 March 2018 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 regularity

In my opinion, in all material respects the income and expenditure 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.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Imperial War Museum and the group in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Responsibilities of the Board of Trustees and Accounting Officer

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

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Imperial War Museum's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Imperial War Museum's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

### **Other Information**

The Trustees and the Director-General are responsible for the other information. The other information comprises information included in the Annual Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with the Secretary of State directions made under the Museums and Galleries Act 1992.
- in the light of the knowledge and understanding of the group and the Imperial War Museum and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report which we provide a positive consistency opinion on 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 parts of the Remuneration Report and Staff Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or

- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**

**Date** 16 July 2018

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

IMPERIAL WAR MUSEUM ACCOUNT 2017-18

Consolidated Statement of Financial Activities for the year ended 31 March 2018

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
<b>Income and endowments from:</b>							
<i>Donations and legacies</i>							
Grant-in-Aid	2a	17,586	7,911	25,497	17,586	14,550	32,136
External funds	2b	948	3,022	3,970	975	11,212	12,187
Lottery funding		-	2,534	2,534	-	1,302	1,302
Donated objects and services		-	93	93	-	414	414
		<b>18,534</b>	<b>13,560</b>	<b>32,094</b>	<b>18,561</b>	<b>27,478</b>	<b>46,039</b>
<i>Other trading activities</i>							
Income from commercial activities	13	9,782	-	9,782	8,902	-	8,902
Fees		1,854	-	1,854	1,666	208	1,874
Royalties	13	460	-	460	527	-	527
Disposals of assets		20	-	20	33	-	33
		<b>12,116</b>	<b>-</b>	<b>12,116</b>	<b>11,128</b>	<b>208</b>	<b>11,336</b>
<i>Investments</i>	3	14	2	16	29	2	31
<i>Charitable activities</i>							
Admissions		10,855	-	10,855	9,919	-	9,919
<b>Total income and endowments</b>		<b>41,519</b>	<b>13,562</b>	<b>55,081</b>	<b>39,637</b>	<b>27,688</b>	<b>67,325</b>
<b>Expenditure on:</b>							
<i>Raising funds</i>							
Fundraising and publicity		2,618	750	3,368	2,624	1,062	3,686
Commercial costs	13	6,735	-	6,735	6,294	53	6,347
		<b>9,353</b>	<b>750</b>	<b>10,103</b>	<b>8,918</b>	<b>1,115</b>	<b>10,033</b>
<i>Charitable activities</i>							
Education, exhibitions and visitor services		16,746	4,119	20,865	15,771	6,576	22,347
Building care and preservation		9,320	4,948	14,268	6,968	7,154	14,122
Collections management and conservation		8,075	383	8,458	7,713	756	8,469
Grants	14	-	5,830	5,830	-	1,120	1,120
Purchases for the collection		42	-	42	35	1	36
		<b>34,183</b>	<b>15,280</b>	<b>49,463</b>	<b>30,487</b>	<b>15,607</b>	<b>46,094</b>
<b>Total expenditure</b>	5	<b>43,536</b>	<b>16,030</b>	<b>59,566</b>	<b>39,405</b>	<b>16,722</b>	<b>56,127</b>
<b>Net income/(expenditure)</b>	4	<b>(2,017)</b>	<b>(2,468)</b>	<b>(4,485)</b>	232	10,966	11,198
<b>Transfers between funds</b>		213	(213)	-	3,519	(3,519)	-
<b>Other recognised gains</b>							
Gains on revaluation of fixed assets		971	4,101	5,072	777	5,640	6,417
<b>Net movement in funds</b>		<b>(833)</b>	<b>1,420</b>	<b>587</b>	<b>4,528</b>	<b>13,087</b>	<b>17,615</b>
<b>Reconciliation of funds:</b>							
Total fund balances brought forward at 1 April 2017		40,574	207,748	248,322	36,046	194,661	230,707
<b>Total fund balances carried forward at 31 March 2018</b>	18	<b>39,741</b>	<b>209,168</b>	<b>248,909</b>	<b>40,574</b>	<b>207,748</b>	<b>248,322</b>

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 notes on pages 70 to 87 form part of these accounts

IMPERIAL WAR MUSEUM ACCOUNT 2017-18

Museum Statement of Financial Activities for the year ended 31 March 2018

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
<b>Income and endowments from:</b>							
<i>Donations and legacies</i>							
Grant-in-Aid	2a	17,586	7,911	25,497	17,586	14,550	32,136
External funds	2b	5,169	4,187	9,356	4,651	10,849	15,500
Lottery funding		-	2,533	2,533	-	1,302	1,302
Donated objects and services		-	95	95	-	418	418
		<u>22,755</u>	<u>14,726</u>	<u>37,481</u>	<u>22,237</u>	<u>27,119</u>	<u>49,356</u>
<i>Other trading activities</i>							
Income from commercial activities		-	-	-	1	-	1
Fees		1,717	-	1,717	1,670	208	1,878
Disposals of assets		20	-	20	34	-	34
		<u>1,737</u>	<u>-</u>	<u>1,737</u>	<u>1,705</u>	<u>208</u>	<u>1,913</u>
<i>Investments</i>	3	11	2	13	26	2	28
<i>Charitable activities</i>							
Admissions		10,855	-	10,855	9,919	-	9,919
<b>Total income and endowments</b>		<u>35,358</u>	<u>14,728</u>	<u>50,086</u>	<u>33,887</u>	<u>27,329</u>	<u>61,216</u>
<b>Expenditure on:</b>							
<i>Raising funds</i>							
Fundraising and publicity		2,620	750	3,370	2,626	1,062	3,688
Commercial costs		6	-	6	9	-	9
		<u>2,626</u>	<u>750</u>	<u>3,376</u>	<u>2,635</u>	<u>1,062</u>	<u>3,697</u>
<i>Charitable activities</i>							
Education, exhibitions and visitor services		15,945	4,152	20,097	14,717	6,654	21,371
Building care and preservation		9,320	4,948	14,268	6,968	7,154	14,122
Collections management and conservation		8,076	382	8,458	7,714	756	8,470
Grants	14	1,000	7,330	8,330	2	2,320	2,322
Purchases for the collection		42	-	42	35	1	36
		<u>34,383</u>	<u>16,812</u>	<u>51,195</u>	<u>29,436</u>	<u>16,885</u>	<u>46,321</u>
<b>Total expenditure</b>	5	<u>37,009</u>	<u>17,562</u>	<u>54,571</u>	<u>32,071</u>	<u>17,947</u>	<u>50,018</u>
<b>Net (expenditure)/income</b>		<u>(1,651)</u>	<u>(2,834)</u>	<u>(4,485)</u>	1,816	9,382	11,198
<b>Transfers between funds</b>		<u>82</u>	<u>(82)</u>	<u>-</u>	1,881	(1,881)	-
<b>Other recognised gains</b>							
Gains on revaluation of fixed assets		971	4,101	5,072	777	5,640	6,417
<b>Net movement in funds</b>		<u>(598)</u>	<u>1,185</u>	<u>587</u>	<u>4,474</u>	<u>13,141</u>	<u>17,615</u>
<b>Reconciliation of funds:</b>							
Total fund balances brought forward at 1 April 2017		40,912	207,400	248,312	36,438	194,259	230,697
<b>Total fund balances carried forward at 31 March 2018</b>	18	<u>40,314</u>	<u>208,585</u>	<u>248,899</u>	<u>40,912</u>	<u>207,400</u>	<u>248,312</u>

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

All income and expenditure is due to continuing activities.

The notes on pages 70 to 87 form part of these accounts

IMPERIAL WAR MUSEUM ACCOUNT 2017-18

Consolidated and IWM Balance Sheets as at 31 March 2018

	Notes	Consolidated		IWM	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Fixed assets</b>					
Intangible assets	7a	1,020	545	1,020	545
Tangible assets	7b	232,122	230,161	232,122	230,161
Heritage assets	8	6,424	6,302	6,424	6,302
Investments	13	-	-	600	600
		<u>239,566</u>	<u>237,008</u>	<u>240,166</u>	<u>237,608</u>
<b>Current assets</b>					
Stock	9	379	563	-	-
Debtors	10	7,796	9,038	7,281	8,508
Cash at bank and in hand	11	14,206	16,109	13,697	15,930
		<u>22,381</u>	<u>25,710</u>	<u>20,978</u>	<u>24,438</u>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	12a	(6,143)	(5,819)	(5,350)	(5,157)
Short-term Loan	12e	(1,416)	(1,417)	(1,416)	(1,417)
		<u>(7,559)</u>	<u>(7,236)</u>	<u>(6,766)</u>	<u>(6,574)</u>
<b>Net current assets</b>		14,822	18,474	14,212	17,864
<b>Total assets less current liabilities</b>					
		254,388	255,482	254,378	255,472
<b>Current liabilities</b>					
Creditors: amounts falling due after more than one year	12b	(5,479)	(5,744)	(5,479)	(5,744)
Long-term Loan	12e	-	(1,416)	-	(1,416)
		<u>(5,479)</u>	<u>(7,160)</u>	<u>(5,479)</u>	<u>(7,160)</u>
<b>Net assets</b>		<u>248,909</u>	<u>248,322</u>	<u>248,899</u>	<u>248,312</u>
<b>Represented by:</b>					
<b>Restricted funds</b>					
Restricted funds	18	138,961	139,138	138,378	138,790
Restricted funds buildings revaluation		70,207	68,610	70,207	68,610
		<u>209,168</u>	<u>207,748</u>	<u>208,585</u>	<u>207,400</u>
<b>Unrestricted funds:</b>					
Designated funds	18	21,975	22,831	22,008	22,864
Designated funds buildings revaluation		16,384	15,212	16,384	15,212
		<u>38,359</u>	<u>38,043</u>	<u>38,392</u>	<u>38,076</u>
General funds	18	1,382	2,531	1,922	2,836
<b>Total funds</b>		<u>248,909</u>	<u>248,322</u>	<u>248,899</u>	<u>248,312</u>

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

Diane Lees CBE FMA FRSA  
Director-General and Accounting Officer

Date 27 June 2018

The notes on pages 70 to 87 form part of these accounts

## IMPERIAL WAR MUSEUM ACCOUNT 2017-18

### Consolidated statement of cash flows for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by operating activities</b>	20a	5,484	12,067
<b>Cash flows from investing activities:</b>			
Interest received	3	16	31
Purchase of fixed assets		(5,474)	(5,831)
<b>Net cash (used in) investing activities</b>		<b>(5,458)</b>	<b>(5,800)</b>
<b>Cash flows from financing activities:</b>			
Interest element of Loan payments		(12)	(26)
Interest element of finance lease rental payments		(325)	(336)
Repayment of Capital element of finance lease rental		(176)	(165)
Cash (outflows)/inflows from long term Loans		(1,416)	(1,417)
<b>Net cash provided by financing activities</b>		<b>(1,929)</b>	<b>(1,944)</b>
<b>Change in cash and cash equivalents in the reporting period</b>			
	20b	(1,903)	4,323
<b>Cash and cash equivalents at the beginning of the reporting period</b>	20c	16,109	11,786
<b>Cash and cash equivalents at the end of the reporting period</b>	11	<b>14,206</b>	<b>16,109</b>

The notes on pages 70 to 87 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 Digital, 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 (FRoM), the Charities Act and applicable accounting standards. The particular accounting policies adopted by the Trustees are described below.

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

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

The statutory accounts are consolidated and represent the combined accounts of IWM, 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 Group. Monetary amounts in these financial statements are rounded to the nearest thousand.

**(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 Digital, 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").

*Donated heritage assets*

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

*Depreciation and revaluation of heritage assets*

Both purchased and donated heritage assets are not depreciated as they have indefinite lives. Heritage assets are revalued when there is evidence of impairment.

*Heritage assets not on the balance sheet*

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

**(f) Intangible fixed assets**

The intangible fixed asset shown on the balance sheet represents IWM's investment in a Customer Relationship Management System (CRM) to improve and manage relationships with our customers.

**(g) 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 7 and 79 years
Buildings - plant and machinery	- between 4 and 35 years
Buildings - fit-out	- between 2 and 40 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.

**(h) Stocks**

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

**(i) 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 Ltd.

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.

**(j) 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.

**(k) Imperial War Museum Trading Company Limited**

IWM Trading Company Limited is a wholly owned subsidiary of the Trustees of the Imperial War Museum. It commenced trading on 1 April 1999. The authorised share capital of the company is 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.

**(l) Foreign currencies**

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

**(m) Pension costs**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). The defined benefit elements of the schemes are unfunded and are 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.

**(n) 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.

**(o) Cash and liquid resources**

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

**(p) 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. The IWM Film Production Company has been dormant during 2017-18.

**2a Grant in Aid**

£25,497K of Grant-in-Aid (from the Department for Digital, Culture, Media and Sport) has been received during the year (2016-17 £32,136K). This represents 43% 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, £3,645K for 14-18 NOW ( the Cultural Programme for the Centenary of the First World War), £2,000K to support learning activities and their development , £80K for the War Memorials Archive and £30k for the facilitation of a publication..

<b>2b Donations and legacies</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Grants and donations	<b>3,630</b>	11,791
Sponsorship	<b>340</b>	395
Legacies	<b>-</b>	1
	<b><u>3,970</u></b>	<b><u>12,187</u></b>

The total of £3,970K is split between the IWM (£3,603K) and the Imperial War Museum Trading Company (£367K).

<b>3 Investment income</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable	<b>16</b>	31
	<b><u>16</u></b>	<b><u>31</u></b>

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

The interest is split between the IWM (£13K) and the Imperial War Museum Trading Company (£3K).

<b>4 Net income/(expenditure)</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Net (expenditure)/income of £(4,485)K, (2016-17 £11,198K) before transfers, are stated after charging:		
Auditors remuneration		
National Audit Office - IWM consolidated accounts	40	39
Kingston Smith LLP - Imperial War Museum Trading Company	13	13
Kingston Smith LLP - additional fee for prior year	-	1
Other Services - Kingston Smith LLP, Preparation of Corporation Tax Return and attending Audit committee meetings in relation to Imperial War Museum Trading Company	4	4
Hire purchase on equipment	69	63
Operating leases - equipment	101	117
Operating leases - Land and buildings	258	258
Interest payable on finance lease	325	336
Depreciation of owned assets	7,230	7,496
Depreciation of assets held under finance leases	183	184
Increase in Provision for bad debts	3	-

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

<b>5 Total expenditure</b>	<b>Staff costs £'000</b>	<b>Other costs £'000</b>	<b>Depreciation and Impairment £'000</b>	<b>2018 Total £'000</b>	<b>2017 Total £'000</b>
<b>Raising Funds</b>					
Fundraising and publicity	1,387	1,951	30	3,368	3,686
Commercial costs	2,894	3,834	7	6,735	6,347
	<u>4,281</u>	<u>5,785</u>	<u>37</u>	<u>10,103</u>	<u>10,033</u>
<b>Charitable activities</b>					
Education, exhibitions and visitor services	8,388	10,962	1,515	20,865	22,347
Building care & preservation	437	8,201	5,630	14,268	14,122
Collections management and conservation	6,380	1,847	231	8,458	8,469
Other grants	-	5,830	-	5,830	1,120
Purchases for the collection	-	42	-	42	36
	<u>15,205</u>	<u>26,882</u>	<u>7,376</u>	<u>49,463</u>	<u>46,094</u>
<i>Total resources expended</i>	<u>19,486</u>	<u>32,667</u>	<u>7,413</u>	<u>59,566</u>	<u>56,127</u>

Resources expended are shown after eliminations on consolidation of transactions between IWM and the Imperial War Museum Trading Company of £8,479K (2016-17 £6,507K).

<b>5a Division of direct and indirect expenditure</b>	<b>Direct costs £'000</b>	<b>Allocated support costs £'000</b>	<b>2018 Total £'000</b>	<b>2017 Total £'000</b>
<b>Raising funds</b>				
Fundraising and publicity	2,837	531	3,368	3,686
Commercial costs	6,735	-	6,735	6,347
	<u>9,572</u>	<u>531</u>	<u>10,103</u>	<u>10,033</u>
<b>Charitable activities</b>				
Education, exhibitions and visitor services	12,324	8,541	20,865	22,347
Building care and preservation	13,845	423	14,268	14,122
Collections management and conservation	5,758	2,700	8,458	8,469
Other grants (Note 14)	5,830	-	5,830	1,120
Purchases for the collection	42	-	42	36
	<u>37,799</u>	<u>11,664</u>	<u>49,463</u>	<u>46,094</u>
<i>Total resources expended</i>	<u>47,371</u>	<u>12,195</u>	<u>59,566</u>	<u>56,127</u>

**5 Total expenditure (continued)**

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.

<b>5b Allocation of support</b>	<b>Directorate &amp; office services £'000</b>	<b>Human resources £'000</b>	<b>Finance and planning £'000</b>	<b>IT and commun- ication £'000</b>	<b>Subtotal 2018 £'000</b>
<b>Raising funds</b>					
Fundraising and publicity	2	25	41	110	178
	2	25	41	110	178
<b>Charitable activities</b>					
Education, exhibitions and visitor services	15	159	433	1,143	1,750
Building care and preservation	1	7	11	31	50
Collections management and conservation	11	126	229	568	934
	27	292	673	1,742	2,734
	<b>29</b>	<b>317</b>	<b>714</b>	<b>1,852</b>	<b>2,912</b>
		<b>Facilities management £'000</b>	<b>Depreciation £'000</b>	<b>Support salary costs £'000</b>	<b>Allocated Support costs Total 2018 £'000</b>
<b>Allocation of support</b>					
<b>Raising funds</b>					
Fundraising and publicity		-	30	323	531
		-	30	323	531
<b>Charitable activities</b>					
Education, exhibitions and visitor services		4,606	157	2,028	8,541
Building care and preservation		272	11	90	423
Collections management and conservation		-	152	1,614	2,700
		4,878	320	3,732	11,664
		<b>4,878</b>	<b>350</b>	<b>4,055</b>	<b>12,195</b>

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

<b>6 Staff costs</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Salaries and wages	14,234	13,902
Temporary / agency staff	257	229
National Insurance	1,404	1,409
Superannuation	2,881	2,768
Early retirement and early exit costs	651	803
Apprenticeship Levy	59	-
	<b>19,486</b>	<b>19,111</b>

In addition £574K (including £82K for Superannuation) of staff costs relating to staff working exclusively on capital projects was capitalised in 2017-18 (2016-17 £363K).

**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](http://www.civilservice-pensions.gov.uk)).

For 2017-18, employers' contributions of £2,839K were payable to the PCSPS (2016-17 £2,709K) 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 2017-18 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 **£124K** were paid to one or more of a panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 8% and 14.75%. Employers also match employee contributions up to 3% of pensionable pay. In addition employer contributions of 0.5% of pensionable salary 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 **£10K**. Contributions prepaid at that date were nil.

**6 Staff costs (continued)**

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**. 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 1/80<sup>th</sup> 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 1/60<sup>th</sup> 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 updated in line with the Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension 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](http://www.civilservice.gov.uk/pensions)

**Number of employees**

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

	2018 No	2017 No
£60,001 - £70,000	4	3
£70,001 - £80,000	3	4
£80,001 - £90,000	2	2
£90,001 - £100,000	2	1
£100,001 - £110,000	1	1
£110,001 - £120,000	2	2
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£160,000 - £170,000	-	1
£170,001 - £180,000	1	-

The number of staff paid above £60K (2016-17, nil) to whom retirement benefits are accruing under defined contribution schemes is nil and under defined benefit schemes is 15 (2016-17, 14).

Please see the Remuneration report on page 43 of the Annual Report for more details of senior staff costs.

Total remuneration of Managerial staff was £1,929K (2016-17, £1,622K).

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

				2018	2017
	Permanent staff	Temporary Staff	Managerial staff	Total No of staff	Total No of staff
Education, exhibitions and visitor services	180	3	9	192	170
Building care & preservation	8	-	-	8	7
Collections management and conservation	146	3	3	152	152
Trading / Commercial	81	3	2	86	89
Fundraising and publicity	26	-	3	29	34
	441	9	17	467	452

In addition to the above, there was the Full Time Equivalent of 10 members 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 eleven Assistant Directors.

**Trustees**

The Chairman and Board of Trustees received no remuneration for their services during 2017-18. Travel, subsistence and entertainment expenses paid to three Trustees amounted to £418 (2016-17 £1,470 paid to four 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.

7a Consolidated intangible fixed assets	Assets under development £'000
Cost at 1 April 2017	545
Additions	475
Value at 31 March 2018	<u>1,020</u>

The IWM is investing in a Customer Relationship Management (CRM) system to manage and improve relationships with our customers.

7b 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 2017	30,060	128,673	41,107	22,172	4,218
Additions	-	114	404	96	3,242
Transfers between categories	-	96	332	176	(976)
Revaluation	1,090	(7,456)	1,070	(4,111)	-
Disposals	-	-	-	-	-
Value at 31 March 2018	<u>31,150</u>	<u>121,427</u>	<u>42,913</u>	<u>18,333</u>	<u>6,484</u>
Depreciation at 1 April 2017	-	3,467	2,835	1,920	-
Provided in year	-	2,296	1,894	1,244	-
Depreciation due to revaluation	-	(5,763)	(4,729)	(3,164)	-
Disposals	-	-	-	-	-
Depreciation at 31 March 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 31 March 2018	<u>31,150</u>	<u>121,427</u>	<u>42,913</u>	<u>18,333</u>	<u>6,484</u>
Net book value at 1 April 2017	<u>30,060</u>	<u>125,206</u>	<u>38,272</u>	<u>20,252</u>	<u>4,218</u>

Consolidated tangible fixed assets (continued)	Exhibitions £'000	Equipment £'000	Assets held under finance lease £'000	Total £'000
Cost/valuation at 1 April 2017	32,974	7,426	5,282	271,912
Additions	199	411	-	4,466
Transfers between categories	372	-	-	-
Revaluation	-	-	(91)	(9,498)
Disposals	(1,409)	(1,271)	-	(2,680)
Value at 31 March 2018	<u>32,136</u>	<u>6,566</u>	<u>5,191</u>	<u>264,200</u>
Depreciation at 1 April 2017	24,881	6,469	2,179	41,751
Provided in year	1,250	546	183	7,413
Depreciation due to revaluation	-	-	(914)	(14,570)
Disposals	(1,245)	(1,271)	-	(2,516)
Depreciation at 31 March 2018	<u>24,886</u>	<u>5,744</u>	<u>1,448</u>	<u>32,078</u>
Net book value at 31 March 2018	<u>7,250</u>	<u>822</u>	<u>3,743</u>	<u>232,122</u>
Net book value at 1 April 2017	<u>8,093</u>	<u>957</u>	<u>3,103</u>	<u>230,161</u>

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

All sites were revalued on 31 March 2018 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.

**7b Consolidated tangible fixed assets (continued)**

Property	Title	Net book value at 31 March 2018 £'000	Net book value at 1 April 2017 £'000	Basis of valuation
IWM London, Lambeth Road, London SE1 including Gate Lodge, Lambeth Road, London SE1	Long leasehold Freehold	<b>85,998</b>	90,457	Depreciated replacement cost Depreciated replacement cost
All Saints Annexe, Austral Street, London SE11	Freehold	<b>4,158</b>	3,679	Existing use
Duxford Airfield, Cambridgeshire	Freehold	<b>82,970</b>	80,611	Depreciated replacement cost
Ickleton Film Store, Cambridgeshire	Long Leasehold	<b>4,855</b>	4,189	Depreciated replacement cost
IWM North, Manchester	Long Leasehold	<b>30,824</b>	29,869	Depreciated replacement cost
HMS Belfast, London SE1	Long Leasehold	<b>2,599</b>	3,156	Existing use
Churchill War Museum, London SW1	Long Leasehold	<b>6,165</b>	4,935	Depreciated replacement cost

8a Heritage assets	Acquisition at historic costs £'000	Donated assets at valuation £'000	Total £'000
Cost/valuation at 1 April 2017	4,472	1,830	6,302
Additions	29	93	122
Value at 31 March 2018	<u>4,501</u>	<u>1,923</u>	<u>6,424</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 2017-18 were valued at £93k comprising assets and equipment capitalised in the IWM's Balance Sheet (2016-17 £414K). 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**

	2017-18 £'000	2016-17 £'000	2015-16 £'000	2014-15 £'000	2013-14 £'000
<b>Additions</b>					
Purchases	<b>29</b>	4	1,213	88	44
Donations	<b>93</b>	414	262	502	11
Total additions	<u><b>122</b></u>	<u>418</u>	<u>1,475</u>	<u>590</u>	<u>55</u>

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

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.

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.

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

Collection description	Total size
<b>Artworks:</b> 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.	<b>93,806 items</b>
<b>Documents and sound recordings:</b> IWM is among the world's leading repositories for the private papers of those involved in warfare since 1914. We hold an extensive series of foreign records from Germany, Japan and Italy during the Second World War which were deposited at IWM as captured enemy documents under the Public Records Act 1958. The archive of sound recordings includes interviews, speeches, poetry and sound effects totalling many thousands of hours, and is now one of the largest of its kind in the world.	<b>26,305 document collections 34,389 sound recordings</b>
<b>Objects:</b> IWM holds a diverse range of three dimensional material, covering the full spectrum of objects associated with modern warfare. These include vehicles, aircraft and aero engines, uniforms, medals, models, currency and a wide range of associated material. IWM is the repository of the National Collection of modern firearms. HMS <i>Belfast</i> is included as a heritage asset and is subject to ongoing conservation assessment and treatment.	<b>148,923 items</b>
<b>Film:</b> 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.	<b>178,959 film elements</b>
<b>Photographs:</b> We hold 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.	<b>18,207 photograph collections</b>
<b>Library:</b> The heritage assets include maps, proclamations and rare books.	<b>104,808 items</b>
<b>Library:</b> The reference collection includes at least 150,000 books as well as significant reference collections of pamphlets and periodicals.	<b>225,547 items</b>

Changes to the figures since last year

Category	17-18 figures	16-17 figures	Change	Reason for Change
<b>Artworks</b>	93,806 items	93,216 items	+590	Acquisition in year
<b>Documents &amp; sound recordings</b>	26,305 collections 34,389 recordings	25,723 collections 34,092 recordings	+582 +297	Acquisition in year
<b>Film</b>	178,959 items	191,489 items	-12,530	Disposal of duplicate elements

Changes to the figures since last year due to the conformation of collections sizes

<b>Objects</b>	148,923 items	155,000 items	-6,077	Documentation completed; collection size confirmed.
<b>Photographs</b>	18,207 collections	18,463 collections	-256	Documentation completed; collection size confirmed.
<b>Library: Heritage Assets</b>	108,808 items	105,983 items	-1,175	Documentation completed; collection size confirmed.
<b>Library: reference collections</b>	225,547 items	over 215,000 items	+10,547	Documentation completed; collection size confirmed.

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, delivering public access to, our diverse holdings; art, material culture and artefacts, 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 considerations given to the disposal of any items in IWM's collections.

**8d Collections Development Policy (continued)**

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 and interpretation of, and delivering public access to our diverse holdings of art, material culture and artefacts, archives of documents, film, photographs, 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)*. IWM is committed to developing and maintaining a centralised and accessible collections management system to support information retrieval and uses a software database to achieve this. 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.

The infrastructure supporting digital collection records and digital collections is maintained by IWM's IT department. All digital data is replicated to a back up server on a daily basis. In order to safeguard IWM's digital 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.

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  
Equality Act, 2010  
Human Rights Act, 1998  
Racial and Religious Hatred Act, 2006  
Copyright, Designs and Patents Act, 1988  
Copyright and Related Rights Regulations, 2003  
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  
Ionising Radiation Regulations, 2017  
Human Tissue Act, 2004  
Firearms Act, 1968, and Firearms Security Handbook 2005  
The Control of Asbestos Regulations, 2010  
Misuse of Drugs Regulations, 2001 and later revisions  
Manufacture and Storage of Explosives Act, 2005  
Explosives Regulations, 2014  
Joint Service Publication (JSP) 482 - Ministry of Defence Explosives Regulations  
European Agreement concerning the International Carriage of Dangerous Goods by Road, (*ADR - Accord européen relatif au transport international des marchandises Dangereuses par Route*), 2013  
Registration, Evaluation, Authorisation & restriction of Chemicals (REACH), 2007  
Lifting Operations and Lifting Equipment Regulations, 1998  
Provision and Use of Work Equipment Regulations, 1998  
The Work at Height Regulations, 2005

**8e Collections management policies and procedures (continued)**

International conventions

Convention for the Protection of Cultural Property in the Event of Armed Conflict, First Protocol 1954 and Second Protocol 1999  
 Convention for the Safeguarding of the Intangible Cultural Heritage, 2003  
 Convention on International Trade in Endangered Species of Wild Fauna and Flora, 1973  
 Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property, 1970  
 Convention on the Protection of the Underwater Cultural Heritage, 2001  
 UNIDROIT Convention on Stolen and Illegally Exported Cultural Objects, 1995

National standards and guidelines

Accreditation Scheme for Museums and Galleries in the United Kingdom: Accreditation Standard, Arts Council England (2011)  
 PAS 197: Code of practice for cultural collections management, 2009  
 PAS 198: Specification for managing environmental conditions for cultural collections, 2012  
 PD 5454:2012 Guide for the storage and exhibition of archival materials, 2012  
 Government Indemnity Scheme Guidelines for national institutions, Arts Council England, 2016  
 Disposal Toolkit, Museums Association 2014  
 SPECTRUM: The UK Museum Documentation Standard, Collections Trust, version 5, 2017  
 Code of Practice on Archives for Museums and Galleries in the United Kingdom, 2002  
 Benchmarks in Collections Care for Museums, Archive and Libraries checklist; Museums, Libraries and Archives Council, 2018  
 UK Institute of Conservation's Code of Conduct, 2008

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  
 Loans In  
 Acquisition and Accession  
 Labelling and Marking  
 Inventory  
 Location and Movement  
 Cataloguing  
 Condition Checking  
 Condition Reporting  
 Conservation  
 Insurance and Indemnity  
 Valuation  
 Rights Management  
 Exit  
 Loans Out  
 Loss  
 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 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 film, photograph and documents collections 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.

8f Obstacles to a meaningful valuation of the Collection (continued)

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 on 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 and the improvement of existing records to our current specified standards. 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 stage 3 documentation 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 2018 £'000	Group 2017 £'000	IWM 2018 £'000	IWM 2017 £'000
<b>10a Debtors</b>				
<b>Amounts falling due within one year</b>				
Trade debtors	952	815	170	121
Other debtors	76	146	76	146
Amount owed by Imperial War Museum Trading Company Ltd	-	-	162	135
VAT debtor	427	624	775	872
Prepayments and accrued Income	4,088	3,067	3,834	2,840
Provision for bad debts	(12)	(9)	(1)	(1)
Total debtors falling due within one year	<u>5,531</u>	<u>4,643</u>	<u>5,016</u>	<u>4,113</u>
<b>Amounts falling due after more than one year</b>				
Accrued Income	2,265	4,395	2,265	4,395
Total Debtors	<u>7,796</u>	<u>9,038</u>	<u>7,281</u>	<u>8,508</u>

Group - Accrued Income includes £700K from the Arts Council England and £4M from the Pears Foundation.

	Group 2018 £'000	Group 2017 £'000	IWM 2018 £'000	IWM 2017 £'000
<b>10b Intra-Government debtor balances</b>				
Balances with other central government bodies	1,791	2,249	2,115	2,483
Balances with bodies external to government	6,005	6,789	5,166	6,025
Total debtors	<u>7,796</u>	<u>9,038</u>	<u>7,281</u>	<u>8,508</u>

11 Cash at bank and in hand

	2018 Total £'000	2017 Total £'000
Imperial War Museum	13,697	15,930
Imperial War Museum Trading Company Limited	509	179
	<u>14,206</u>	<u>16,109</u>

12a Creditors	Group 2018 £'000	Group 2017 £'000	IWM 2018 £'000	IWM 2017 £'000
<b>Amounts falling due within one year</b>				
Trade creditors	1,048	950	994	907
Other creditors	750	690	750	690
Obligations under finance lease	231	176	231	176
Accruals and deferred income	4,114	4,003	3,375	3,384
Total creditors falling due within one year	<u>6,143</u>	<u>5,819</u>	<u>5,350</u>	<u>5,157</u>
<b>12b Amounts falling due after more than one year</b>				
Obligations under finance lease	4,766	4,997	4,766	4,997
Deferred income	713	747	713	747
Total creditors falling due after more than one year	<u>5,479</u>	<u>5,744</u>	<u>5,479</u>	<u>5,744</u>
Total creditors	<u>11,622</u>	<u>11,563</u>	<u>10,829</u>	<u>10,901</u>

Included in deferred income is £713K which represents funds given to the Museum by the Airborne Forces in relation to its occupation of certain office and gallery spaces in the Museum. An amount representing an annual rental payment is released each year.

12c Intra-Government creditor balances	Group 2018 Total £'000	Group 2017 Total £'000	IWM 2018 Total £'000	IWM 2017 Total £'000
Balances with other central government bodies	685	660	685	660
Balances with bodies external to government	10,937	10,903	10,144	10,241
Total creditors	<u>11,622</u>	<u>11,563</u>	<u>10,829</u>	<u>10,901</u>

**12d Obligations under finance leases**

At 31 March 2018 IWM had commitments under finance leases as set out below:

	2018 Exhibitions £'000	2018 Total £'000	2017 Total £'000
Finance lease obligations: payments due			
Within one year	231	231	176
in the second to fifth year	1,086	1,086	1,019
in more than five years	3,680	3,680	3,978
	<u>4,997</u>	<u>4,997</u>	<u>5,173</u>

12e Loans	Group 2018 £'000	Group 2017 £'000	IWM 2018 £'000	IWM 2017 £'000
<b>Amounts falling due within one year</b>				
Short term loan	1,416	1,417	1,416	1,417
<b>Amounts falling due after more than one year</b>				
Long term loan	-	1,416	-	1,416
	<u>1,416</u>	<u>2,833</u>	<u>1,416</u>	<u>2,833</u>

The Museum received two loans from Department for Digital, 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%

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.

	2018	2017
<b>Profit and loss account</b>	<b>£'000</b>	<b>£'000</b>
Turnover	12,104	11,010
Cost of goods sold	(7,726)	(7,486)
<b>Gross profit</b>	<b>4,378</b>	<b>3,524</b>
<b>Other operating income</b>	<b>1,367</b>	<b>1,605</b>
	<b>5,745</b>	<b>5,129</b>
Administrative expenses	(1,496)	(1,415)
<b>Operating profit</b>	<b>4,249</b>	<b>3,714</b>
Interest receivable	3	3
<b>Profit</b>	<b>4,252</b>	<b>3,717</b>
Amount paid to IWM under gift-aid	(4,252)	(3,717)
Profit on ordinary activities after gift-aid	-	-

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

Turnover	12,104	11,010
Intercompany transactions	(98)	(66)
<b>Included in trading income per SOFA</b>	<b>9,782</b>	<b>8,902</b>
<b>Included in fees income per SOFA</b>	<b>1,764</b>	<b>1,515</b>
<b>Included in royalties per SOFA</b>	<b>460</b>	<b>527</b>
External funds	1,367	1,605
Intercompany transactions	(1,000)	(1,200)
<b>Included in external funds per SOFA</b>	<b>367</b>	<b>405</b>
Cost of goods sold	7,726	7,486
Intercompany transactions	(95)	(63)
<b>Included in commercial costs (£6,729K) and education (£902K) per SOFA</b>	<b>7,631</b>	<b>7,423</b>
Indirect costs	1,496	1,415
Intercompany transactions	(1,496)	(1,415)
	-	-
Interest receivable	3	3
<b>Included in investment income per SOFA</b>	<b>3</b>	<b>3</b>

	2018	2017
<b>Balance sheet</b>	<b>£'000</b>	<b>£'000</b>
Current assets	1,912	1,655
Current liabilities	(1,303)	(1,046)
Net assets	<b>609</b>	<b>609</b>
Called up share capital	600	600
Profit and loss account	9	9
Capital and reserves	<b>609</b>	<b>609</b>

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 has been dormant during 2017-18 and 2016-17.

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 £5,830K.(2016-17 £1,120K)

**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 £7,093K, (2016-17 £3,838K) and outstanding capital commitments contracted but not provided of £1,125K, (2016-17 £1,086K).

**16a Commitments under operating leases**

At 31 March 2018 IWM had annual commitments under non cancellable operating leases as set out below:

	2018 Land and other buildings £'000	Restated 2017 Land and other buildings £'000	2018 Equipment £'000	Restated 2017 Equipment £'000
Operating leases which expire:				
Within one year	258	258	94	101
In the second to fifth years inclusive	631	631	232	322
Over five years	1,269	1,270	-	-
	<u>2,158</u>	<u>2,159</u>	<u>326</u>	<u>423</u>

**16b Commitments under hire agreements**

At 31 March 2018 IWM had annual commitments under non cancellable hire agreements as set out below:

	2018 Equipment £'000	Restated 2017 Equipment £'000
Hire agreements which expire:		
Within one year	63	62
In the second to fifth years inclusive	104	152
Over five years	-	-
	<u>167</u>	<u>214</u>

The 2016-17 figures for commitments under operating leases and hire agreements, have been restated to show the total minimum lease payments due over the lease term as per FRS 102.

**17 Contingent liabilities**

There are no contingent liabilities

	At 1 April 2017 £'000	Income £'000	Expenditure £'000	Revaluations/ capital restructure £'000	Transfers £'000	At 31 March 2018 £'000
<b>18 Consolidated statement of funds</b>						
<b>Unrestricted funds</b>						
<i>Designated funds:</i>						
Buildings, collections, equipment and exhibitions	22,831	74	(930)	-	-	21,975
Buildings revaluations	15,212	-	(35)	971	236	16,384
Total designated funds	<u>38,043</u>	<u>74</u>	<u>(965)</u>	<u>971</u>	<u>236</u>	<u>38,359</u>
General funds	2,522	41,445	(42,571)	-	(23)	1,373
IWM Trading Company reserve	9	-	-	-	-	9
	<u>2,531</u>	<u>41,445</u>	<u>(42,571)</u>	<u>-</u>	<u>(23)</u>	<u>1,382</u>
<b>Total unrestricted funds</b>	<u>40,574</u>	<u>41,519</u>	<u>(43,536)</u>	<u>971</u>	<u>213</u>	<u>39,741</u>
<b>Restricted funds</b>						
Buildings, collections, donated objects equipment and exhibitions	127,252	2,912	(3,762)	-	855	127,257
Buildings revaluations	68,610	-	(2,504)	4,101	-	70,207
Tied funds	11,886	10,650	(9,764)	-	(1,068)	11,704
<b>Total restricted funds</b>	<u>207,748</u>	<u>13,562</u>	<u>(16,030)</u>	<u>4,101</u>	<u>(213)</u>	<u>209,168</u>
<b>Total funds</b>	<u>248,322</u>	<u>55,081</u>	<u>(59,566)</u>	<u>5,072</u>	<u>-</u>	<u>248,909</u>

**18 Consolidated statement of funds (continued)**

The Tied funds (£11,704K) comprise funds donated for the application to specific projects. These include Transforming IWM London (£4,055K); 14-18 NOW (£5,157K); the AirSpace at IWM Duxford (£347K); the VCGC Gallery at IWM London (£158K) and the Holocaust exhibition at IWM London (£266K).

Funds of £131K have been transferred from Restricted funds to Unrestricted funds to cover eliminations on consolidation of transactions.

Funds of £82K have been transferred from buildings, collections, donated objects equipment and exhibitions to General funds to cover £82K 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 £945K have been transferred from Tied funds to buildings, collections, donated objects equipment and exhibitions for capital projects.

Funds of £8K have been transferred from buildings, collections, donated objects equipment and exhibitions to Tied funds to cover future Acquisitions (8K).

The Unrestricted buildings, collections, equipment and exhibitions funds of £21,975K, the Buildings revaluation of £16,384K, the Restricted buildings, collections, donated objects, equipment and exhibitions funds of £127,257K, the Buildings revaluation of £70,207K, together represent the net book value of the intangible fixed assets, tangible fixed assets and heritage assets less the assets held under finance leases £235,823K.

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/(decreased) IWM London by £(2,423K); IWM North by £1,472K; IWM Duxford by £4,132K; All Saints by £545; HMS Belfast by £(796K); Ickleton by £804K; Churchill War Museum by £515K and the finance lease by £823K.

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000
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**19 Analysis of group net assets between funds**

Fund balances at 31 March 2018 are represented by:

Tangible fixed assets	42,102	197,464	239,566
Net current assets	2,405	12,417	14,822
Long-term creditors	(4,766)	(713)	(5,479)
<b>Total net assets</b>	<b>39,741</b>	<b>209,168</b>	<b>248,909</b>

**20 Cash flow information**
**(a) Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2018 £'000	2017 £'000
Net(expenditure)/income for the reporting period(as per the statement of financial activities)	(4,485)	11,198
Investment Income	(16)	(31)
Interest element of finance lease rental payments	325	336
Interest element of Loan payments	12	26
Loss on disposal of tangible fixed assets	164	3
Depreciation and impairment charge for the year	7,413	7,680
Decrease in stocks	184	167
Decrease/(increase) in debtors	1,242	(4,213)
increase/(Decrease) in creditors	645	(3,099)
<b>Net cash provided by operating activities</b>	<b>5,484</b>	<b>12,067</b>

**(b) Analysis of cash flows**

(Decrease)/increase in cash in the year	(1,903)	4,323
Cash flow arising from decrease in finance lease	176	165
Movement in net debt in the year	(1,727)	4,488
<b>Net funds at 1 April</b>	<b>10,936</b>	<b>6,448</b>
<b>Net funds at 31 March</b>	<b>9,209</b>	<b>10,936</b>

**(c) Changes in net debt/funds**

	1 April 2017 £'000	Cash flow £'000	31 March 2018 £'000
Cash at bank and in hand	16,109	(1,903)	14,206
Finance lease	(5,173)	176	(4,997)
<b>Net funds</b>	<b>10,936</b>	<b>(1,727)</b>	<b>9,209</b>

**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 Digital, Culture, Media and Sport comprises 46% 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 £952K 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:

<b>Interest rate profile</b>	<b>Fixed rate financial assets £'000</b>	<b>Non- interest bearing financial assets £'000</b>
As 31 March 2018		
Sterling	14,182	24
	<u>14,182</u>	<u>24</u>
As 31 March 2017		
Sterling	16,088	21
	<u>16,088</u>	<u>21</u>

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

**Foreign currency risk**

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

**22 Related Party Transactions**

The Imperial War Museum is a statutory non-departmental public body sponsored by the Department for Digital, 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:

	<b>Amount Purchased £'000</b>	<b>Amount Sold £'000</b>	<b>Donations / Grants Received £'000</b>	<b>Donations / Grants Given £'000</b>	<b>Year End Balance £'000</b>
American Air Museum in Britain (AAMiB)	-	-	288	-	54
IWM Foundation	-	15	82	-	85
IWM Development Trust	-	2	-	-	-
Heritage Lottery Fund	-	-	2,333	-	-
Commonwealth War Graves Commission	-	22	-	-	-
Royal United Services Institute	1	-	-	-	-
Gerald Eve LLP	20	-	-	-	-
Artichoke	-	-	-	1,375	-
Cultureshock Media Ltd	28	-	-	-	-
Docklands Sinfonia	1	-	-	-	-
British Library	6	-	-	-	-
National Maritime Museum	13	-	-	-	-
National Portrait Gallery	2	-	-	-	-
Science Museum	7	1	-	195	-
Tate	-	1	-	-	-
Victoria & Albert Museum	3	-	-	-	-

**22 Related Party Transactions (continued)**

<i>British Film Institute</i>	40	6	-	-	-
<i>BBC</i>	-	106	-	-	24
<i>Historic England</i>	3	-	-	-	195
Big Lottery Fund	-	-	200	-	-
Arts Council of England	-	-	975	-	-
Arts Council of England (Exchequer)	-	-	46	-	700

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.

A total of £2,000 was received from the IWM Trust in 2017-18 in service charges as per the operating agreement

The IWM Foundation is charged with raising funds to support the redevelopment of Imperial War Museum's permanent galleries. A grant totalling £82,185 was due from the Foundation in 2017-18

Funding of £33,406 was received from the DCMS sponsored Heritage Lottery Fund, which funded the Volunteers Wellbeing Project and £2,300,000.00 contributed towards the 14-18 NOW project .

IWM Trustees HE The Hon Alexander Downer AC; Professor Sir Hew Strachan; HE Janice Charette; HE The Rt Hon Sir Jerry Mateparae; and Dame Judith Mayhew Jonas DBE are Commissioners for Commonwealth War Graves Commission. 14-18 NOW provided £22,287.42 of services to CWGC IWM Trustee Sir John Scarlett Vice Chairman of the Royal United Services Institute. £1,164.80 paid to RUSI in Corporate Membership fees

IWM Trustee Hugh Bullock, Chairman of Gerald Eve LLP. £4,750 paid for capital valuation of All Saints Project as well as £15,250 to be paid for year end valuation of IWM sites.

IWM Trustee Tim Marlow, Trustee of Artichoke. £1,375,000 paid by 14-18 NOW for We Women 100 Project, and Processions Project

IWM Trustee Tim Marlow, Trustee of CultureShock. £28,344 paid by 14-18 NOW for design and publication of We're Here Because We're Here book.

Docklands Sinfonia was paid £1,000 for the provision of musicians during Remembrance service at HMS Belfast. Admiral The Lord West of Payments totalling £5,771 were paid to the British Library for image licensing fees and digitisation of Second World War images.

Rental costs of £13,360 were incurred with the DCMS funded National Maritime Museum

Payments totalling £2,496 were made to the National Portrait Gallery for image licensing fees.

A NMDC membership contribution payment of £7,280 was made to the Science Museum Group. Payment of £1,270 was received relating to image sales and licensing. £275 was received as payment for an NMDC lunch held at IWM

£194,998 was transferred to the Science Museum Group as the NMDC has relocated to the Science Museum

Payment of £1,464 was received from DCMS funded Tate for image sales and licensing.

Payments totalling £3,354 were made to the Victoria & Albert Museum for the loan of items for the Wyndham Lewis exhibition as well as training courses.

Payment totalling £40,151 were made to the DCMS funded British Film Institute for the transport and storage of cellulose nitrate films. £5,682 was received for images sales and licensing

£137,089 fees were paid by BBC to IWM for the use of IWM film and licensing agreements, during 2017-18. Tanya Hudson, wife of IWM Trustee Tim Marlow, is Executive Producer at the BBC.

£195,000 is due from Historic England, a DCMS funded organisation in 2018/19. This grant is a contribution to costs relating to the exhibition *Destruction of Cultural Property*. £3,151 was paid to Historic England for advisory services relating to the new Duxford paper storage facility

The DCMS funded British Museum reimbursed IWM £274 for expenses relating to a British Museum employee.

£200,000 was received from the DCMS funded Big Lottery Fund to support the project Day to Remember

£975,000 was received from the Arts Council of England, a DCMS funded organisation.

£45,900 was received from the Arts Council of England Exchequer Fund, a DCMS funded organisation. A balance of £700,000 is due to IWM over the next two financial years

**23 Losses, special payments and gifts.**

Costs falling into the category of losses, special payments and gifts were below the level of £100,000. Losses exceeding this amount are required to be shown in a Loss Statement, with any individual losses of more than £100,000 being listed separately.

**24 Post balance sheet events**

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

