

**THE SOCIETY OF
FRIENDS OF THE IMPERIAL WAR MUSEUM
REPORT AND FINANCIAL STATEMENTS**

30 APRIL 2016

Charity Registration Number 294360

The Society of Friends of the Imperial War Museum

LEGAL AND ADMINISTRATIVE INFORMATION

The Society of Friends of the Imperial War Museum ("The Charity") is governed by a constitution, adopted on 15th April 1986 and amended on 28th October 2014. It is a registered charity under the Charities Act 2011.

Honorary Members

His Royal Highness The Prince of Wales
His Royal Highness The Duke of Cambridge
His Royal Highness Prince Henry of Wales
His Royal Highness The Duke of York

Patrons

The Most Reverend and Rt Hon the Lord Archbishop of Canterbury
Cardinal Vincent Nichols
The Chief Rabbi
Dr Alan Borg CBE FSA
The Rt. Hon. The Countess Mountbatten of Burma CBE CD JP DL
Field Marshal Sir John Chapple GCB CBE
Sir Robert Crawford CBE
General Sir Peter de la Billière KCB KBE DSO MC & Bar DL
Dr Noble Frankland CB CBE DFC
Mrs Sara Jones CBE DL
Sir Harold Walker KCMG
His Excellency the Secretary-General for the Commonwealth
His Excellency the High Commissioner for Australia
His Excellency the High Commissioner for Canada
His Excellency the High Commissioner for India
His Excellency the High Commissioner for New Zealand
His Excellency the High Commissioner for Pakistan
Her Excellency the High Commissioner for South Africa
His Excellency the High Commissioner for Sri Lanka

President

Professor Sir David Cannadine MA LittD (Cantab) DPhil (Oxon) FBA

Chairman

Mr David Long

The Council of Management

Major General David Burden CB CVO CBE
Ms Emma G Burrows
Mr Anthony Hine (Treasurer)
Ms Diane E Lees FMA FRSA (Director-General, Imperial War Museums)
Professor Paul O'Prey
Mr Philip Middleton
Mr Foster Summerson
The Lady Vaizey CBE

Head of Membership and Editor of *Despatches*

Mrs Claire Owen

The Society of Friends of the Imperial War Museum

LEGAL AND ADMINISTRATIVE INFORMATION

Membership Services Manager

(Acting Head of Membership from 7 March 2016 – maternity cover)

Miss Laura Whitman

Membership Officer

(from 1 March 2016 – fixed term contract)

James Sallows

Independent Examiner

David Sewell FCA
haysmacintyre,
26 Red Lion Square
London
WC1R 4AG

Bankers

Lloyds TSB Bank plc
39 Threadneedle Street
London
EC3R 8AU

Principal Address

IWM (Imperial War Museums) London
Lambeth Road
London
SE1 6HZ

The Society of Friends of the Imperial War Museum

REPORT OF THE COUNCIL OF MANAGEMENT

YEAR ENDED 30 APRIL 2016

REPORT OF THE COUNCIL OF MANAGEMENT

The Council of Management, the members of which are the trustees of the Charity, present their Report and the financial statements for the year ended 30 April 2016. These documents have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)

OBJECTIVES

The primary objectives of the Charity, as set out in the Constitution adopted on 15th April 1986, are to advance the education of the public by rendering support to the Imperial War Museums (IWM), to publicise the work of IWM and to augment the funds available to IWM. The Charity is unincorporated and is governed in accordance with the terms of the Constitution. The Charity was registered by the Charity Commission as a charity on 7th May 1986.

ORGANISATIONAL STRUCTURE

The operation of the Charity is controlled by the Council of Management ('the Council') and individual members of the Council have responsibility for specific areas of importance upon which they report to the Council.

Election to the Council shall be at an Annual General Meeting of the Charity and shall be for three years; and one-third of its members (other than ex officio members) shall retire annually but shall be eligible for re-election. In addition to the members so elected the Council may co-opt up to three further members who shall serve until the conclusion of the next Annual General Meeting after co-option. Any casual vacancy in the Council may be filled by the Council and any person appointed to fill such a casual vacancy shall hold office until the conclusion of the next Annual General Meeting and shall be eligible for election at that meeting. Nominations for members of the Council must be made by fully paid-up members of the Charity.

Day-to-day management of the Charity is undertaken by the Head of Membership and the Membership Services Manager with reference to the Chairman as necessary.

The Council enjoys the particular support of a President, an honorary post presently held by Professor Sir David Cannadine.

PUBLIC BENEFIT

The Council of Management have paid due regard to the Charity Commission's published guidance concerning public benefit. Among the ways in which the charity contributes to public benefit are; making a significant grant of money to IWM, raising money through events for its members which are of an educational nature, also yielding a surplus, and by publishing a journal which is chiefly concerned with the activities of all IWM branches.

A grant of £55,000 was paid to IWM during the year.

The Society also benefits from the support of 29 volunteers who give their time to help in providing a number of essential functions. We have 4 regular volunteers who give one day a week of their time to provide essential administrative support in the Friends Office, 23 volunteer membership ambassadors actively sell membership at IWM London. Our events programme is planned and delivered with the support of 2 event volunteers who physically manage all event visits off-site.

The work of all five branches of IWM is publicised in the Charity's magazine *Despatches* which is sent to all members of the Charity, IWM trustees and departmental heads twice a year.

The Society of Friends of the Imperial War Museum

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

YEAR ENDED 30 APRIL 2016

FINANCE

Review of the year

The results for the year and the state of the Charity's affairs at 30th April 2016 are shown in the attached financial statements.

Total subscription income showed a small decrease from £179,033 to £168,424; this figure is inclusive of £24,926 in recoverable Gift Aid. The Charity is extremely grateful to all members who have completed Gift Aid Declarations. Actual subscription income increased from £135,985 to £143,498.

Income from the events organised during the year was £19,752, an increase of £4,032 on the previous year. Expenditure on events increased from £10,262 to £10,704. Total events profit increased from £5,458 to £9,048.

The cost of producing *Despatches* decreased from £42,705 to £40,066. Revenue from advertising was £5,647.

With regard to charitable activities, there was an increase from £50,000 to £55,000 in the grant given to IWM.

The slight increase in governance costs is due to the Society taking professional advice on financial matters. The overall cost has risen from £9,133 to £15,323.

The total income from unrestricted funds for the year ended 30 April 2016 was £193,859, a slight decrease of £15,871 from the previous year which was £209,730.

Total expenditure decreased by £15,607 from £220,487 to £204,880 for the financial year ending 30th April 2016.

Total expenditure on Unrestricted Funds increased from £182,556 to £199,890. The total Restricted Funds were £15,000, which amounted to the oil painting by Norman Wilkinson, *Sailing in the Solent*, which is presently stored at HMS Belfast.

Total number of members at 30 April 2016 was 5,755 compared with 5,290 at the end of the previous year. This rise in members is partly due to the increased popularity of Family Membership which rose from 177 in 2015 to 255 by 30th April 2016.

Reserves review and policy

The policy of the Council of Management is to maintain a prudent level of reserves to allow the Charity to continue in operation for at least six months notwithstanding the variations in subscription income. The Council of Management reconsidered the reserves level at a meeting in November 2012 and decided that £25,000 is a reasonable and realistic figure to keep in reserve. At the end of the financial year this reserve amounted to £71,584 in Unrestricted Funds, and £15,000 in Restricted Funds.

Investment Policy

The Council of Management keep this under review but, since the funds held by the Charity are never substantial and are constantly fluctuating, it is satisfied with the current position.

Risk Management

The major risks to which the Charity is exposed, as identified by the Council of Management, have been reviewed and systems have been established to mitigate those risks. The Council of Management are satisfied that adequate procedures are in place to mitigate exposure to these risks, although it is recognised that systems can only provide reasonable, not absolute, assurance.

Going Concern

The Board of Trustees is of the opinion that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties regarding the Trust's ability to do so.

The Society of Friends of the Imperial War Museum

REPORT OF THE COUNCIL OF MANAGEMENT (continued)

YEAR ENDED 30 APRIL 2016

FUTURE POLICY

The Council agree that subscriptions should be reviewed annually.

The future aims for the Friends are:

- To increase the number of members substantially using the following tools:
 - Marketing: Digital/social media marketing campaigns.
 - Education: Training of existing membership ambassadors.
 - Internal Communications: Educate museum staff of the benefits relating to an increase in members in terms of subscription and event income, secondary spend and long term fundraising prospects.
- To encourage all members to pay by Direct Debit to aid the retention of members.
- Allocate resources to support a better understanding of the demographic and interests of our members.
- To ensure that the editorial quality and business acumen of *Despatches* continues to improve.
- Develop membership events to ensure that they reflect the interests of all of our members.

FUTURE DEVELOPMENTS

A General Meeting is to be held to give the members the opportunity to vote in respect of merging the activities with those of the Imperial War Museum. All Members have been sent details in respect of the proposal.

COUNCIL OF MANAGEMENT

The members of the Council of Management at the date of this report are listed on page 1.

Clause 5(c) of the Constitution states that election to the Council shall be for three years and that one-third of the Council (other than ex officio members) shall retire annually but shall be eligible for re-election. In addition to the members so elected the Council may co-opt up to three further members.

INDEPENDENT EXAMINER

A resolution to reappoint David Sewell of haysmacintyre as Independent Examiner of the Charity will be proposed at the forthcoming Annual General Meeting.

STATEMENT OF THE COUNCIL OF MANAGEMENT'S RESPONSIBILITIES

The Council of Management are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of its surplus or deficit for that period. In preparing those financial statements, the Trustees were required to:

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Council of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust. The Council of Management are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

By order of the Council of Management

David Long
Chairman
Date: 20 January 2017

The Society of Friends of the Imperial War Museum

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

YEAR ENDED 30 APRIL 2016

I report on the accounts of the charity for the year ended 30 April 2016 which are set out on pages 7 to 13.

Respective responsibilities of trustees and examiner

The trustees are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- 1 which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 130 of the Charities Act 2011; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of the Charities Act 2011 and which are consistent with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

David Sewell
haysmacintyre
Chartered Accountants
26 Red Lion Square
London
WC1R 4AG

Date: 20 January 2017

The Society of Friends of the Imperial War Museum

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 30 APRIL 2016

	Notes	Unrestricted Funds £	Restricted Funds - Campaign £	Restricted Funds - Painting £	Total funds	
					2016 £	2015 £
Income from:						
Donations and legacies		35	-	-	35	18,075
Charitable activities		168,424	-	-	168,424	179,033
Other trading activities						
Events		19,752	-	-	19,752	15,720
Advertising associated with <i>Despatches</i>		5,647	-	-	5,647	(3,099)
Investments		1	-	-	1	1
Total income		193,859	-	-	193,859	209,730
Expenditure on:						
Raising funds	2	68,821	-	-	68,821	73,831
Charitable activities	3					
Grants to the Imperial War Museum		56,630	4,990	-	61,620	82,405
Cost of <i>Despatches</i>		45,370	-	-	45,370	46,275
Other costs		29,069	-	-	29,069	17,976
Total expenditure		199,890	4,990	-	204,880	220,487
Net movement in funds		(6,031)	(4,990)	-	(11,021)	(10,757)
Funds brought forward		77,615	4,990	15,000	97,605	108,362
Funds carried forward		71,584	-	15,000	86,584	£97,605

All amounts relate to continuing activities. There have been no recognised gains and losses other than those disclosed above.

£15,000 of the above funds are restricted.

The notes on pages 9 to 13 form part of these accounts.

The Society of Friends of the Imperial War Museum

BALANCE SHEET

YEAR ENDED 30 APRIL 2016

	Note	As at 30 April 2016		As at 30 April 2015	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	6		15,000		15,000
Current Assets					
Debtors	7	35,889		38,017	
Cash at bank and in hand		49,065		76,736	
			85,954		114,753
Creditors (amounts falling due within one year)	8		(13,370)		(32,148)
Net Current Assets			71,584		82,605
Total Net Assets			£86,584		£97,605
Funds					
Unrestricted funds			71,584		77,615
Restricted funds:					
Painting, "Sailing in the Solent"		15,000		15,000	
Friends First World War Campaign		-		4,990	
			15,000		19,990
Total Funds			£86,584		£97,605

Approved by the Members of the Council of Management on 20 January 2017 and signed on its behalf by:

David Long
Chairman

The notes on pages 9 to 13 form part of these accounts.

The Society of Friends of the Imperial War Museum

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2016

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) **Basis of accounting**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Friends of the Imperial War Museum meets the definition of a public entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b) **Going Concern**

The Board of Trustees is of the opinion that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties regarding the Trust's ability to do so.

c) **Fixed Assets and Depreciation**

All fixed assets are held at cost less accumulated depreciation.

Fixed assets comprising office equipment including computer equipment and related peripherals are depreciated, on a straight line basis, so as to write off their cost over their estimated useful lives, which is five years.

The oil painting is not depreciated as its residual value is considered to be equal to, or to exceed, its net book amount. It is carried at the Council of Management's valuation and its carrying value is reviewed annually and provision is made for any impairment.

d) **Subscriptions and Voluntary Income**

Voluntary income, which comprises subscriptions and donations and legacies, is accounted for on a received basis. Subscription amounts received under Gift Aid include the associated tax recoverable.

e) **Intangible Income**

Donated services are recognised in income at an estimate of the financial cost borne by the donor, where such cost is quantifiable and measurable.

f) **Expenditure**

All expenditure, including grants, is accounted for on an accruals basis and includes the cost of irrecoverable VAT.

Grants payable are recognised as a liability when an unconditional offer is made by the Charity to the Museum. Grants offered subject to conditions are noted as a commitment but are not accrued as a liability until the conditions are met.

g) **Allocation of costs**

Staff costs are allocated between direct charitable expenditure and support costs based on the time spent on these activities. Other costs are allocated directly to the relevant heading.

h) **Unrestricted Funds**

Funds which are expendable at the discretion of the Council in furtherance of the objects of the Charity.

i) **Restricted Funds**

Funds which have been donated by members for a specific purpose. The Restricted Fund, known as the Friends' First World War Campaign, is to fund the Your Country Need You Campaign in the Imperial War Museum London's New First World War Galleries

The Society of Friends of the Imperial War Museum

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 30 APRIL 2016

1. Accounting Policies (continued)

j) Cash and cash equivalents

Cash and cash equivalents includes cash and short term highly liquid investments with short term maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

k) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

l) Estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustee's best knowledge of the amount, events or actions, actual results ultimately differ from these estimates. The trustees do not consider there to be any material estimates and judgements.

2. Expenditure on raising funds

	2016 £	2015 £
Staff costs		
Salaries	42,723	41,314
Social security costs	3,361	2,635
Pension contributions	1,746	1,438
	<u>47,830</u>	<u>45,387</u>
Printing and stationery	5,045	2,142
Marketing	1,548	4,657
Cardnet charges	3,627	1,099
Campaign expenses	-	9,706
Sundry expenses	67	578
	<u>58,117</u>	<u>63,569</u>
Events expenditure	10,704	10,262
	<u>£68,821</u>	<u>£73,831</u>

3. Charitable activities

	Grant to IWM		Despatches cost	Other costs	2016	2015
	Restricted	Unrestricted			Total	Total
Direct costs	4,990	55,010	40,066	25,670	125,736	137,523
Governance costs (note 5)	-	6,620	5,304	3,399	15,323	9,132
	<u>£4,990</u>	<u>£56,630</u>	<u>£45,370</u>	<u>£29,069</u>	<u>£141,059</u>	<u>£146,655</u>

The Society of Friends of the Imperial War Museum

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 30 APRIL 2016

4. Other costs

	2016 £	2015 £
Staff costs		
Salaries	11,226	8,890
Social security costs	868	568
Pension contributions	458	437
	<u>12,552</u>	<u>9,895</u>
Volunteers (travel and expenses)	1,239	832
Printing, stationery and postage	6,589	2,956
Insurance	1,213	1,167
Bank charges	1,571	916
Depreciation	-	52
Sundry expenses	2,506	775
	<u>£25,670</u>	<u>£16,593</u>

The average number of employees in 2016 was 2 (2015 - 2).

In addition to employed staff, the Charity benefits greatly from the help and support of volunteers, of whom there were 29 in 2016 (2015 - 35).

5. Governance costs

	2016 £	2015 £
Staff costs		
Salaries	3,741	2,963
Social security costs	290	189
Pension contributions	153	111
	<u>4,184</u>	<u>3,263</u>
Independent Examiner's fee	2,220	1,800
Professional fees	4,680	-
Sundry expenses	4,239	4,070
	<u>£15,323</u>	<u>£9,133</u>

The Society of Friends of the Imperial War Museum

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 30 APRIL 2016

6. Fixed Assets

	Office equipment £	Oil painting £
Cost		
At 1 May 2015	2,503	15,000
Additions	-	-
Disposals	-	-
At 30 April 2016	<u>2,503</u>	<u>15,000</u>
Depreciation		
At 1 May 2015	2,503	-
Charge for year	-	-
At 30 April 2016	<u>2,503</u>	<u>-</u>
Net Book Value		
At 30 April 2016	<u>£-</u>	<u>£15,000</u>
At 30 April 2015	<u>£-</u>	<u>£15,000</u>

7. Debtors

	2016 £	2015 £
Tax recoverable	24,926	24,911
Other debtors	10,963	13,106
	<u>£35,889</u>	<u>£38,017</u>

8. Creditors

	2016 £	2015 £
Sundry creditors	13,370	32,148
	<u>13,370</u>	<u>32,148</u>

9. Membership

At 30 April 2016 the number of members of the Charity was as follows:

	2016	2015
Annual	4,793	4,615
Life	746	760
Benefactors	21	21
Corporate	-	2
Patrons	15	17
	<u>5,575</u>	<u>5,415</u>

The Society of Friends of the Imperial War Museum

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 30 APRIL 2016

10. Future Commitments

The Charity has no future commitments.

11. Related Party Transactions

No member of the Council of Management or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year.

12. Council of Management remuneration

No member of the Council of Management received expenses in the year (2015 - none).

No member of the Council of Management received any remuneration or fees in the year in respect of services to the Charity whilst a member of the Council (2015 - none).

13. Transition to FRS 102

This is the first year the charity has presented its results under FRS 102. The last financial statements under UK GAAP were 30 April 2015. The date of transition to FRS 102 was 1 May 2015. There were no FRS 102 adjustments required.

14. Comparative Statement of Financial Activities 2015

	Unrestricted Funds	Restricted Funds - Campaign	Restricted Funds - Painting	Total 2015
	£	£	£	£
Income from:				
Donations and legacies	220	17,855	-	18,075
Charitable activities	179,033	-	-	179,033
Other trading activities				
Events	15,720	-	-	15,720
Advertising associated with <i>Despatches</i>	(3,099)	-	-	(3,099)
Investments	1	-	-	1
Total income	191,875	17,855	-	209,730
Expenditure on:				
Raising funds	64,125	9,706	-	73,831
Charitable activities				
Grants to the Imperial War Museum	54,180	28,225	-	82,405
Cost of <i>Despatches</i>	46,275	-	-	46,275
Other costs	17,976	-	-	17,976
Total expenditure	182,556	37,931	-	220,487
Net movement in funds	9,319	(20,076)	-	(10,757)
Funds brought forward	68,296	25,066	15,000	108,362
Funds carried forward	77,615	4,990	15,000	£97,605