



Annual Report and Account 2016–2017

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

Imperial War Museum

Annual Report and Account 2016–2017

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1. Introduction

Who we are

IWM is a global authority on conflict and its impact on people's lives. 2017 marks 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, 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:

- **Prioritise our audiences**

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

- **Increase our financial sustainability**

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

- **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.

3. Achievements and Performance

3.1 Prioritising our audiences

Our audiences

We have welcomed over 2.4 million visitors to our branches this year. It has been an unpredictable year for visitor numbers, with a slow start to the year and a downward trend at our free branches, IWM London and IWM North, contrasted by exceptional performances at two of our admissions charging branches, Churchill War Rooms and IWM Duxford.

Churchill War Rooms had a tremendously successful year, welcoming a record-breaking half a million visitors to the historic site. At IWM Duxford we sustained high engagement levels and visitor numbers following the launch of the redeveloped American Air Museum in March 2016, even though our air show events did not match the record numbers achieved in 2015. Formal evaluation of the revitalised American Air Museum, published in September 2016 demonstrates that visitors are enjoying the new displays and feel that the personal stories and films enable them to develop an emotional connection with the material on display. We have seen an increase in the number of repeat visits (72 per cent of those sampled had visited before) and an increase in the proportion of those who travelled in from other parts of the UK. From visitor accounts of their motivations for visiting, we know that IWM Duxford has become more of a 'must see' destination since the re-opening of the American Air Museum. Further endorsement includes receiving a highly commended award (in the category of permanent exhibition) at the 2017 Museums and Heritage Awards.

At HMS *Belfast* we have continued to experience a decrease in visitor numbers as we were subject to major access and transport restrictions including the ongoing redevelopment of London Bridge station, the Southern Rail strike (which had a high impact on family visits) and the temporary closure of Tower Bridge to vehicle traffic. IWM North experienced a fall in visitors on last year due to reduced family audience engagement and restricted access to the branch as a result of tram service disruption during part of the year. Sustaining momentum with the long run of the exhibition *Fashion on the Ration: 1940s Street Style* proved difficult and we have shortened the run of future exhibitions in response to this experience.

Performance at IWM London, has been challenging and we have seen a fall in visitor numbers on last year. This may be the impact of terrorist activity and a reluctance to frequent large visitor attractions in major cities, particularly in the capital – a trend that we have seen 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 has been outstanding.

Overall we have achieved exceptionally high visitor satisfaction this past year, with the proportion of visitors likely to recommend a visit to our branches at 99 per cent. A high volume of our visitors continue to visit from overseas (42 per cent) reflecting the significant contribution we make to the economy through tourism. This is calculated to be £115 million in 2016–17¹.

¹ In terms of our economic impact, we use the Association of Independent Museums' toolkit to calculate the effect of visitors to our branches (segmenting local, day and overseas visitors and applying a 'spend per

Our number of unique website visits has increased by 17 per cent on last year, with more than 6.1 million people engaging with our website. Growth has been substantially driven by views of the historical editorial content that we create and share on our website. Collections online page views grew by over 12 per cent, which is an encouraging sign that our website is opening up access to our collections to a broader, global audience. Looking ahead, our digital transformation strategy is being delivered in early 2017–18 and will be implemented in the year to come. Aligned with this will be the launch of a new website in autumn 2017, following a significant website review and overhaul project undertaken this past year.

IWM visitor numbers '000s	2016–17 actual	2015–16 actual	% change year on year
Total number of visits to IWM	2,416	2,539	-5%
Total number of website visits	6,186	5,290	17%

Our public programme

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

Our major exhibition at IWM London, *Real to Reel: A Century of War Movies* opened on 30 June 2016, on the eve of the centenary of the Battle of the Somme. The exhibition marked the centenary year of the release of the original blockbuster, *The Battle of the Somme* – one of the most significant films in our collection. It explored how film-makers have translated war's inherent drama to tell stories of love and loss, fear and courage, triumph and tragedy, through the display of objects and personal stories from our collections, and film clips, props and set designs from the most iconic war movies over the past hundred years.

The exhibition opening was part of IWM's *Night Before the Somme* event – a free late event at IWM London which attracted over 3 thousand visitors to take part in an evening of film screenings, live music, immersive theatre and poetry – the content of which was drawn from the poignant stories and words from letters and diaries in our collection. Framed around the themes of love, fear, hope and courage, the evening offered a moving insight into the thoughts and feelings of the men and women who were there on 30 June 1916. The event attracted many first time visitors to IWM London. From evaluation, we know that our audiences found the experience to be thought-provoking and meaningful, and that it engaged audiences with its creative contemporary response to this significant First World War battle. The illumination of the façade of IWM North on the same evening generated a high volume of social media activity for IWM.

Our main offering at IWM North was *Fashion on the Ration: 1940s Street Style* which opened in May following its successful run at IWM London. The exhibition, timed to open on the 75th anniversary of the introduction of clothes rationing in Britain, examined how fashion survived and even flourished under the strict rules of rationing in 1940s Britain, often in new and unexpected ways.

visitor' assumption).

At IWM London our IWM Contemporary programme showcased contemporary artists' responses to conflict. *Edward Barber: Peace Signs* opened at IWM London in May. The exhibition featured the late documentary photographer's body of work capturing the anti-nuclear protest movement in 1980s Britain. The exhibition received an excellent press response and a five star rating from *Time Out*. *Edmund Clark: War of Terror*, which opened in July 2016, examines issues of security, secrecy, representation and legality. The exhibition focuses on the measures taken by states to protect their citizens from the threat of terrorism, and the far-reaching effects of such methods of control. It brings together several series of Clark's works including, amongst others, images and documents of CIA operated secret prisons or 'black sites' and photographs from the detention camps at Guantanamo Bay. The display has received much press interest with the exhibition curator being interviewed by the *New York Times*, *France 24* and the Christiane Amanpour show on CNN.

In October 2016, the exhibition, *IWM Contemporary: Mahwish Chishty* opened at IWM London, showcasing the work of the US based, Pakistani born artist. Chishty's work combines silhouettes of military drones with decorative Pakistani folk art patterns to highlight the way in which the presence of foreign drones over Pakistan has become a feature of the physical, psychological and cultural environment of the country. This was the artist's first solo exhibition outside the US and during its run it received much critical acclaim. In December we launched a display of objects, photographs, film and audio interviews, drawn from our contemporary collecting project. *Afghanistan: Reflections on Helmand* examined the British arrival in Helmand province, Afghanistan, in 2006, the impact that this period had on those who were there and the lessons learnt from this deployment.

Our most recent major exhibition at IWM London, *People Power: Fighting for Peace*, opened in March. The exhibition tells the stories of the passionate people and struggles they have endured in championing the anti-war cause. The exhibition reveals the breadth of creativity of anti-war protest movements through the use of paintings, literature, posters, placards, banners, badges, music and personal accounts. It covers key periods of activity from the First World War to the present day, vividly reflecting on the cultural mood of those protests.

At Churchill War Rooms we redesigned our popular exhibition *Undercover: Life in Churchill's Bunker* which tells the stories of the staff who worked at the Cabinet War Rooms during its operation. Through our collection of images, objects and interviews we reveal what it was like to work in secret alongside Winston Churchill during the Second World War.

IWM Duxford air shows were themed to celebrate the opening of the redeveloped American Air Museum and to mark the 80th anniversary of the formation of RAF Fighter Command. The American Air Show in May 2016 celebrated the newly-transformed American Air Museum by telling the story of American and British collaboration over the past 100 years. Through dynamic flying displays and living history re-enactments, the air show demonstrated the impact that American forces have had on Duxford and the East of England from the First World War to the present day. In September we commemorated the 80th anniversary of the formation of RAF Fighter Command by highlighting Duxford's role as a wartime fighter station and looking at how Britain has been defended from air attack. Massed Spitfire formations took place on both days of the air show, comprised of twelve Supermarine Spitfires, including four rare Mark I Spitfires.

Press and broadcast

We were at the forefront of centenary commemorations for the Battle of Jutland and the Battle of the Somme, achieving solid profile, not only within press pieces but through the use of our film, images and audio as well as coverage of the spectacular events that were arranged to commemorate these anniversaries.

This year BBC One's *The People Remember* was filmed at IWM London. The programme aired daily. Highlights included time with our Head of Documents and Sound going through some of the star objects in our documents collection and presenter Sophie Rayworth joining the curator of *Real to Reel: A Century of War Movies* to explore the exhibition.

In March, significant media attention was generated through the commemoration of IWM's centenary, and a number of collections-based features relating to our centenary were published and broadcast. Highlights included a live BBC Breakfast broadcast which aired from IWM North on Friday 3 March, featuring interviews with IWM curators and veterans who we work closely with. This was supported by several radio features and a news story regarding our establishment and first accession register on BBC Online. An exclusive feature also appeared in the *Guardian* looking at our founding and early collections. On Monday 6 March, BBC Radio London's 'The Robert Elms Show' was broadcast live from IWM London with a dedicated 3 hour programme to mark the centenary, followed by coverage on Channel 4's *Sunday Brunch* that weekend.

On Saturday 18 March, BBC Two marked IWM's centenary with the broadcast of *Britain at War: Imperial War Museums at 100*. This one-hour dedicated programme celebrated IWM's centenary and reflected upon ten stories from across our five branches. It featured IWM spokespeople and renowned personalities such as Bear Grylls, Kate Adie and Al Murray. The programme, broadcast on the same evening as Dame Vera Lynn's 100th Birthday documentary, received more than 1.5 million viewers. Overall the campaign achieved a media reach of over 202 million.

Our learning programmes

Learning is at the heart of everything that IWM does. It is central to our mission to enrich people's understanding of the causes, course and consequences of war and conflict.

In 2016 a root and branch review of our learning programmes took place to support the development of a new and innovative offer, focussed on the most impactful learning approach to our mission, remit and for our audiences. Out of this extensive review, our vision has been reframed around the principle of global citizenship. Using the lens of global citizenship will help us invite debate, develop critical thinking and deep engagement with our subject matter. It will enable us to provide a forum which encourages questions to be asked and answered in order to facilitate contemporary debate about the world around us and the conflict it inherently creates.

To enable our learning staff to participate in the Learning Review and have the time to think about and develop ideas around our future approach, learning programme activity this past year was paused, with some exceptions. The provision of Holocaust sessions for schools at IWM London and IWM North, our loan box scheme at IWM North, IWM's Partners in Flight digital learning project at IWM Duxford, and learning sessions accompanying Kip on a Ship sleepovers at HMS *Belfast* continued to be delivered. The

pause in formal learning sessions has had an impact on the numbers of learners who have engaged with us this year, as reflected in the figures below.

In January 2017 a restructured Public Engagement and Learning department was brought together under the leadership of a new Assistant Director, Public Engagement and Learning. Since that time, recruitment of new positions within the department has progressed and the strategic development of our learning offer and public engagement programming is well underway.

IWM learner numbers '000s	2016–17 actual	2015–16 actual	% change year on year
Learners in on-site educational programmes	219	457	-52%*
Children in on- and off-site educational programmes	117	271	-57%*

* Reduced numbers on last year reflect the temporary impact of our Learning Review, during which we paused the majority of learning programme activity so as to focus staff resource on the Learning Review.

Our volunteer programme

A fantastic team of volunteers support our operations and the delivery of a wide range of activities including engaging with our visitors, supporting our collections team and our learning programmes. A substantial amount of support is given to aircraft, military vehicle and ship conservation across IWM. IWM in turn provides our volunteers with the opportunity to learn and share their skills with staff and colleagues alike. Over the past year, approximately 1,035 volunteers contributed an estimated 103,374 hours of effort, which is the equivalent of £828,026 in support of the delivery of IWM business objectives.

Our ground-breaking volunteering project *if: Volunteering for wellbeing* concluded this year. The project, funded by the Heritage Lottery Fund and led by IWM North and Manchester Museum, ran from 2013 to 2016. It was delivered across ten heritage venues in the North West and had a profound impact on the lives of the volunteers involved. Within the cultural sector it has established itself as a much respected model for demonstrating how high quality volunteering practice can be a key route to transforming individual wellbeing. The project has provided a valuable case study in how to measure and evidence the impact that socially responsible volunteering can have in improving wellbeing and reducing social and economic isolation.

Volunteer recruitment was aimed at people who were long-term unemployed or facing low-level mental well-being challenges and social isolation. Over the course of the project 231 local people were recruited, with 75 per cent of participants in receipt of a benefit allowance. By the end of the project we have established that more than 30 per cent of those involved gained employment or new opportunities for getting into work. A proportion of the 231 participants reported that as a direct result of their experiences they benefitted from improvements in health recovery, cognitive ability and an enhanced sense of community identity or belonging. This shows that museums and galleries are vibrant cultural institutions that can help tackle social needs such as breaking the cycle of low self-belief, isolation and exclusion.

In order to achieve our goal of evaluating the impact of the project, we carried out a longitudinal study from 2013 to 2016 following a Social Return on Investment (SROI) methodology. Our SROI demonstrated that for every £1 invested, the project generated £3.50 worth of social and economic value. This included the value of health, wellbeing and employability outcomes for participants, and also the resulting savings to local health, care and employment agencies. Evaluation of the project has concluded that over the three years, *if: Volunteering for wellbeing* generated £2 million worth of social and economic value. The full report and an executive summary can be found on the project website <http://volunteeringforwellbeing.org.uk/evaluation/>

The project has led the way for IWM North to recruit ex- service personnel who were struggling with post-traumatic stress disorder (PTSD) or social isolation and we now have a regular team of veteran volunteers who attend every week. We found that our school groups and visitors gain a deeper understanding of war and conflict when they meet veteran volunteers who talk about their personal experiences of conflict. Since October 2015 our veterans have engaged with over 39,000 visitors. Funding from The Oglesby Charitable Trust has been secured to build on this work and pilot a veteran and eye witness programme from May 2017.

Our volunteer programme also involves remote volunteering in support of IWM's War Memorials Register. An average of 16 office and 48 remote volunteers collectively support the work of the War Memorials Register. Our Lives of the First World War Remote Volunteer Group, grew to include 22 dedicated individuals who over this period have supported the project by inspiring people of all ages to explore, reveal and share their stories which in 2016 have focussed on the centenary of the Battle of Jutland and the Battle of the Somme.

Awards

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

- We won the award for Best New General Publication for our book *Secrets of Churchill's War Rooms* at the ACE Best Product Awards 2017.
- IWM's retail department won the award for Best Museum/Visitor Attraction Gift Shop at the 'Greats' gift retailer of the year awards. This national accolade was awarded for the design and merchandise of our IWM London shops following the redevelopment and reopening of IWM London in 2014.
- IWM's volunteering project, *if: Volunteering for wellbeing*, won the collaboration category of the Manchester's Skills for Business Award 2016. The project was also Highly Commended in the Adult Learners Award 2016 from Health Education England.
- Our volunteers were recognised for their contributions to the Lives of the First World War and the War Memorials Register projects, through an award granted by RememberWW1, a not-for-profit campaign that celebrates the effort made by volunteers in inspiring others to commemorate the centenary of the First World War.
- At the London Volunteers in Museums Awards in September 2016, one of our London Interaction Volunteers was recognised as Highly Commended in the Developing in a Role category.

- IWM Duxford's Airfield Rescue and Fire Fighting Service was awarded Top International Fire Training Centre Aerodrome 2015 (awarded in 2016). The award is presented to the UK airport that has proved, through the International Fire Training Centre's assessment processes, to have performed to a very high standard.
- IWM North's Sales Manager was awarded Hospitality Professional of the year at the Manchester Young Talent Awards.

3.2 Increasing our financial sustainability

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

First World War Centenary Partnership

We continue to be of national and international focus for activity marking the centenary of the First World War. Membership of IWM's First World War Centenary Partnership has continued to grow since we launched the network in 2010 and now involves over 3,700 members from 62 countries. Collectively, through the First World War Centenary Partnership, we have presented a vibrant, diverse and far-reaching programme this year.

Significant material from our First World War collections is freely shared with our Centenary Partners, thereby opening up our collections to new audiences. In 2016 we marked the centenary of the Battle of the Somme by distributing the 1916 film, *The Battle of the Somme* to members of the First World War Centenary network to screen for free, enhanced by extensive downloadable digital resources. *The Battle of the Somme* film is one of the most significant films in our archive, having been granted UNESCO Memory of the World status and undergone significant restoration in the lead-up to the First World War Centenary. Over the period of July to November 2016, hundreds of screenings of the film were made through partner events, reaching diverse audiences as far as New Zealand, Canada and Brazil. Over 350 organisations worldwide screened the film to an estimated audience of around 25,000. This included screenings across all regions of England.

Evaluation of the film screenings has shown that they were popular and well-received, encouraged debate and conversation amongst audiences, and enabled member organisations to diversify their programmes. Around 45 per cent of audiences were new or lapsed visitors to the museums and cultural organisations that participated. Feedback collected through formal evaluation indicates that seeing the film was thought to be powerful, moving and insightful, and that it fostered empathy and deepened audiences' understanding about the war, its consequences and contemporary relevance. This outcome is very encouraging as the evaluation findings support the mission and brand values of IWM. Furthermore, evaluation has shown that seeing the film stimulated public interest in wanting to find out about the First World War and wanting to participate in other centenary commemorations.

Our own commemoration of the Battle of the Somme concluded in November 2016 when we marked the end of the battle with a special live screening of *The Battle of the Somme* film accompanied by Laura Rossi's score performed live by the BBC Concert Orchestra at the Royal Festival Hall.

In September we arranged two days of Centenary Partnership meetings in Belfast and Dublin in partnership with the National Museums of Northern Ireland and National Museum of Ireland. Delegates heard from a number of speakers about the centenary programmes in 2016 and reflected on public engagement with the anniversary – 2016 being a significant moment in Ireland’s decade of commemorations. Many of our members in the Republic and Northern Ireland concluded that keeping the narrative local and relevant was far more effective; finding that local, individual stories resonated strongly with audiences and had more potential for community based activity. Our partnership meetings continue to be a strong foundation for sharing experiences and lessons learnt.

We have continued to create and add new downloadable resources and content to our Centenary Partnership extranet to mark other significant moments of the First World War. New resources include a hub relating to the role of women in the First World War, resources and material from our collections focused on the entry of America into the First World War and a mixed resource pack of IWM film clips, oral histories and images relating to the Third Battle of Ypres (Passchendaele). Our activities have been supported by strong communications activity, with over 15,000 subscribers to the membership and public e-newsletter as well as digital marketing campaigns. A very effective 2016 campaign led to the highest peak of activity on our extranet, 1914.org, since interest peaked in 2014 at the start of the centenary.

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. Since then we have welcomed over 116,500 members. Collectively our members have contributed over 1.6 million facts, anecdotes and images, greatly enriching the 7.6 million Life Stories that are featured on the site. We have 4,834 communities that are engaged with the platform, working to bring together the Life Stories of individuals connected to each other, for instance through a battalion or unit, family, work, sports teams or the names from a war memorial.

Over the past year we interacted with more than 950 people at engagement events which included workshops for 150 students and their teachers at a Somme Conference in Lancashire, and a keynote speech at the Digital Past Conference in Newport. We have also taken part in media interviews to promote the project, including two live pieces on BBC Breakfast.

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 have appointed key project consultants, while our Development team have been implementing the fundraising strategy to support the delivery of the new galleries.

Progress is being made with content development and collecting activities for the new galleries. Front end audience research has been undertaken around levels of knowledge and understanding of both the Second World War and the Holocaust to inform our narrative approach. Academic Advisory Panel meetings have commenced to support our narrative development and ensure that different perspectives and a diversity of opinions are considered in the development of the content of both galleries.

This year we launched IWM's People's Forum which will enable us to listen to and respond to the diverse needs of the different communities served by IWM London. It provides a space for ongoing dialogues between our audiences, communities and our gallery team. Our first People's Forum event in March 2017 was very successful. The event was filmed and evaluation is currently being undertaken as we prepare for the next People's Forum in July 2017.

Stakeholder events for Holocaust survivors and stakeholders were held in December at IWM London and IWM North to communicate and share our plans for the new galleries and raise the profile around our collecting ambitions.

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 2016–17 we generated £3.7 million in net profit through trading activity, which is 27 per cent less than last year. The decline in visitor numbers at IWM London and IWM North has had an impact on business areas dependent upon them (such as retail and public catering). The disappointing performance of the 2016 Duxford air show season has also had a significant effect on net profit as we did not match the record numbers achieved in 2015, yet our cost base for delivering air shows remains flat. Our image sales and licensing, and commercial filming fees businesses have had a successful year. The performance of our new cafes at Churchill War Rooms, IWM Duxford and HMS *Belfast* has been excellent (supported by good visitor numbers).

Admissions income is not included in the Trading Company account figures reported above but it is worth noting that strong performances at Churchill War Rooms and IWM Duxford has meant that we have seen our admissions income outperform last year and the target set for this year. This accounts for a significant proportion of our incoming resource.

On a broader, strategic level, the implementation of our Commercial Strategy is focused on the core principles that will enable us to continue to build our level of net profit and ultimately, our financial flexibility over the long term. This is being achieved through the development of a flexible and responsive commercial operation with an emphasis on

digital capability. At the heart of our Commercial Strategy is a belief that building loyalty from our customers will have the greatest impact on our long-term success. This will be achieved through a greater understanding of what motivates our customers and by improving the customer experience with the phased implementation of our Customer Relationship Management (CRM) system. In the year to come, delivering a corporate-wide IWM Membership Programme will fulfil the cornerstone of our Commercial Strategy which is to build a loyal and engaged audience base by adding value to our audience engagement offer.

Managing our estates and infrastructure

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

Our facilities management team has supported significant projects this year including the redevelopment of Churchill War Rooms toilet facilities, admissions area and drainage system, an upgrade of the Public Address and Voice Alarm (PAVA) system and new boilers installed at IWM London, works to the sewage line and gas main at HMS *Belfast*, as well as support to Transforming IWM London phase 2 enabling projects and the Collection Storage project at IWM Duxford. The team oversaw the mobilisation of our new FM contracts for hard and soft services, enabling the smooth transition to our new service providers and ensuring that a high standard of service is delivered going forward.

The security team and outsourced visitor services and security contractors have continued to work in partnership to improve the quality of service and efficiencies across our branches. Good progress has been made with a technical upgrade of the security system at IWM Duxford, which is benefiting our security and visitor handling operations.

Following the Shoreham air disaster in 2015, we have worked closely with the Civil Aviation Authority (CAA) and all regulating bodies to ensure that our air shows remain fully compliant with revised regulations, and that we continue to offer fantastic and safe air displays for our audiences and staff. Some of the actions we have taken in-line with CAA recommendations include the full video recording of IWM air shows for safety purposes and introduction of a new crowd-line. A security presence has resolved the health and safety risk presented by unauthorised crowds of spectators congregating on surrounding fields to the south of the air show.

Our IT Department have been heavily involved in our Customer Relationship Management (CRM) system development project which will be implemented as a phased programme from 2017–18 onwards. A significant improvement has been made to our visitor experience at IWM North with the upgrade of the Big Picture Show projectors in the Main Exhibition Space. New laser based high definition projectors now offer sharper detail and will reduce maintenance requirements. We are now upgrading the accompanying sound system. The department has focussed on systems that enable our staff to work more efficiently and effectively across IWM branches. A new 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 and IWM Duxford (and shortly at IWM North) to meet increased demand.

A major focus for the team 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. We have evaluated and worked on implementing the Cyber Essentials security standard to roll-out across IWM in 2017–18. We are also seeking to adopt the Cyber Essentials Plus security standard which will require additional security measures to be put in place and an external assessment to be conducted.

3.3 Deliver effective stewardship of our collections

We were awarded Archive Service Accreditation by The National Archives, which is a significant validation of our collections management framework and recognition of how we display and broaden access to the rich material we hold in our archives.

Collections Review

IWM's Collections Review Programme has been active since late 2010, strategically shaping our collections through major acquisitions and targeted disposals. 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. This includes the collecting remit for the development of our new Holocaust Galleries at IWM London which has been agreed by our Collections Development Committee.

Over the past year our collections have been strengthened by some notable acquisitions. These include the acquisition of a number of works from the Ministry of Defence Art Collection, notably a portrait of Sir James Grigg, Secretary of State for War by Eric Kennington. The portrait previously hung in one of the principal offices of state in the War Office, where Grigg operated at the height of his powers. We were also delighted to acquire Eric Ravilious's *Dangerous Work at Low Tide or Rendering Mines Safe*, commissioned by the Women's Army Auxiliary Corps (WAAC). Both works extend our holdings of important twentieth century British artists.

In the area of contemporary art, we purchased Mahwish Chishty's *By the Moonlight*, following the successful display of her work at IWM London. This work forms part of her Drone Art series, commenting on the ongoing drone war in Pakistan. The series was inspired by a visit to Pakistan in 2011, when Chishty was struck by the detailed information that was circulating locally about drone strikes.

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. This year, among many items we have acquired, two in particular help us to interpret less well known aspects of the First World War – a letter describing the 1915 Zeppelin airship raid on King's Lynn and an archive covering the service of the American Expeditionary Force Chemical Warfare Service Laboratory in France.

Our Second World War holdings have been complemented by photographs relating to the surrender of the German battlecruiser Prinz Eugen and light cruiser Nürnberg to the

Royal Navy at Copenhagen in May 1945, and a luggage trunk and documents used by Gerda Boehm when she fled Nazi Germany with her husband in 1939, illustrating one story of emigration and the search for asylum across Europe.

The uniform worn by a known member of HMS *Belfast*'s company during the Korean War and a vivid diary and battered leather suitcase belonging to H W Green, a civilian interned in Egypt during the 1956 Suez Crisis, will enable us to add layers of narrative around these conflicts.

Collections storage masterplan

Collections storage and movement planning to support Transforming IWM London phase 2 is underway, with the commencement of our major project to relocate our collections out of London and into improved storage facilities at IWM Duxford. This project also encompasses the development of a large object store at IWM Duxford which will support the needs arising out of the IWM London and IWM Duxford masterplans. We forecast that 80 per cent of our collections storage will be fit for purpose once this project has been completed in 2019–20, a major step change 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

A strong interest and connection to our subject matter means that we continue to receive and respond to a high volume of collections enquiries. Visitors with walk-in collections enquiries are welcome to visit our Explore History centre at IWM London. Over 19,794 walk-in visits by member of the public and enquiries were logged in this facility over the course of the year. Our Research Room service saw over 2,901 users accessing our collections for research purposes. Around 3,850 remote collections enquiries were handled by our visitor experience team and curatorial staff. Increased digital content via our website has resulted in a 12 per cent increase in the number of collections page views this year (816,000 in 2016–17 compared with 726,000 in 2015–16). The issuing of photography permits (for a small fee) that replaced our outdated photocopying order service continues to see an increase of document requests as readers can access a higher volume of material on site. We continue to investigate how to make this service more efficient for our staff and truly accessible for our users. A new access digitisation system has automated this service as best as possible within our current operating system. This will migrate to CRM in the forthcoming year along with an automated system for the online bookings of collections material in the Research Room.

In terms of broadening access to our collections, we continue to inspire and engage new audiences through our loans programme. We made a significant contribution (lending some 90 items) to the National Museum of the Royal Navy's major exhibition on Jutland, *36 Hours: Jutland 1916, The Battle That Won The War*, which opened in May 2016. We reworked, in partnership with the York Art Gallery, our First World War art exhibition, *Truth and Memory*, which moved from IWM London to York Art Gallery. John Singer Sargent's masterpiece, *Gassed*, left IWM for a five-venue tour of America and Canada this year, proving to be a major draw within the exhibitions it has featured. We made several high profile collection and artwork loans to cultural organisations across Ireland in the lead-up to the centenary of the Easter Rising, strengthening our position as a nationally and internationally renowned museum of modern conflict.

Research projects

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

This past year we concluded the Arts and Humanities Research Council (AHRC) funded international network on the BBC Monitoring Service's transcript collection².

Two further doctorates were awarded to holders of our Collaborative Doctoral Partnership PhD studentships; Anna Maguire for her study of 'Colonial encounters during the First World War' and Rebecca Coll for her study 'Noble Frankland and the reinvention of the Imperial War Museum, 1960 -1982'.

Our Head of Research and Academic Partnerships has continued to co-chair the Consortium of Heads of Research at the national museums and galleries with Independent Research Organisation Status, and became a member of the AHRC Peer Review College.

² The results of the project Listening to the World can be found on our website <http://www.iwm.org.uk/research/research-projects/listening-to-the-world-bbc-monitoring-collection-ahrc-research-network>

3.4 Key supporters in 2016–17

IWM remains extremely grateful for the individual donations, grants and sponsorships to the museum during the last year. Their 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 (AHRC)
Arts Council England
Art Fund
British Council
Department for Culture Media and Sport
European Commission
Heritage Lottery Fund

Trusts and Foundations

'45 Aid Society
The Charles Skey Charitable Trust
Clare Duffield Foundation
DCMS Wolfson Foundation
The Gerry Holdsworth Special Forces Charitable Trust
Granada Foundation
The Laurence Misener Charitable Trust
The Michael Bishop Foundation
The Oglesby Charitable Trust
Pears Foundation
Rothschild Foundation (Hanadiv) Europe
Dr.Scholl Foundation
The Speyer Family Foundation
Trusthouse Charitable Foundation
The TS Eliot Foundation
The Zochonis Charitable Trust

Corporate partners

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David and Madeleine Cannon
Andrew Ferguson
Lt Cdr Paul Fletcher
Anthony and Maureen Hall
Susan Hodgkiss CBE, DL
Clare Jakeman
Dame Judith Mayhew Jonas DBE
David Routledge
Colin and Kathy Smith

We would also like to thank:

Donors to D-Day commemorations at Duxford
Friends of Imperial War Museum
Donors to the Save the Victor online campaign

3.5 IWM Friends

IWM Friends (registered charity no 294360) was established in 1986 to advance the education of the public by providing assistance to IWM. It has no legal link with the Trustees of the Imperial War Museum. There are currently 5,891 IWM Friends members, who through subscription fees and Friends event income have contributed a grant to the museum of £65,000 over the past year. Annual subscription income has risen by 3.57 per cent from £153,999 to £159,493 year on year with 1,767 new members joining this year compared to 1,536 in 2015–16.

4. Plans for Future Periods

Our 2017–20 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 Transforming IWM London 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 outcomes of our public engagement and learning review to achieve greater impact with our audiences and embed learning in all that we do. This will largely manifest itself through the delivery of a new, innovative and outward facing learning and engagement programme that uses 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 2017 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 Prioritise our audiences

At the very heart of our work is our strategic objective to prioritise our audiences. To support this objective we are rolling out new customer services standards and a 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.

In 2017, we will launch a pilot for the IWM Institute for public understanding of War and Conflict, bringing 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.

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 in the year ahead are; private papers which tell the story of British soldiers' encounters with Italian civilians from 1943 to 1946, photographs of pre-war family life owned by former refugees from Nazi Europe and the daily written

summaries of topics filmed by the cameramen in the Army Film and Photographic Unit. For staff, a new training programme will ensure that there is fuller understanding and institutional acknowledgement of research attainments across IWM, so that rising generations of research-active staff are properly encouraged and supported.

Our Public Engagement programmes are planned around the delivery of Seasons, the first of which is *Syria: A Conflict Explored* which launched at IWM London in April 2017. This programme presents exhibitions and events reflecting on the ongoing conflict in Syria.

Syria: Story of a Conflict is an intimate display which explores the causes and effects of this bitter conflict through a collection of objects, personal stories and an installation film experience. *Sergey Ponomarev: A Lens on Syria* is the first UK exhibition by the award-winning Russian documentary photographer, featuring his unforgettable photographs of life in Syria under Assad and the endurance and suffering of people who have sought asylum and a better life in Europe. The Syria season also includes a series of debates, tours and encounters delving into the complexity and shifting nature of the conflict. This includes a residency with award-winning creative collective Anagram, exploring the way we consume information, and a Conflict Café which invites the public to meet people who have either fled Syria or worked there and find out more about life in the country before and after the conflict.

In June 2017, the first major retrospective of Wyndham Lewis for almost 40 years, *Wyndham Lewis: Life, Art, War*, opened at IWM North to mark the 60th anniversary of his death and 100 years after Lewis's commission as an official war artist in 1917. In October 2017, *Age of Terror* at IWM London will be our first major exhibition exploring how artists have responded to war and conflict since the seismic events of September 11 2001 – a key turning point in the public perception and understanding of contemporary conflict. Also in October 2017 an additional 'life chapter' will open in the Churchill Museum at Churchill War Rooms, dedicated to looking at the role and influence of Churchill in the Middle East.

2017 not only marks the Centenary of IWM (founded on 5 March 1917), but that of IWM Duxford. Duxford, a former RAF base, has witnessed world-changing events over the past century, and been a place where ordinary people have shared extraordinary experiences. To mark our centenary we have commissioned sound artist Nick Ryan to create an interactive artwork that will reveal Duxford's past, present and future through one hundred stories of the people who have, and continue to shape it. DX17 will be installed in the centre of our historic site, surrounded by our large object collections and living airfield. It will give our visitors an immersive, aural experience through the use of novel multi-sensory technology.

Our public offer in 2018 brings IWM's First World War Centenary programme to a close through our Renewal and Remembrance Season. During this period we will also install the touring poppies – *Weeping Window* at IWM North and *Wave* at IWM London, accompanied by exhibitions at both branches. Digital installations such as the Alternative Hall of Remembrance project and sound installation within the galleries at IWM London, and new content for the Big Picture Show at IWM North will add to the impact of this evocative and innovative 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 National and International Strategy which will ensure that we build on the successes and momentum of what has been achieved.

4.2 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 the launch of our IWM membership programme along with the continued success of our commercial activity (through corporate events, retail, public catering, licensing and publishing activity).

High profile, brand building opportunities such as our First World War Centenary Partnership are crucial to the long-term success of IWM. Over this period 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 2017–20 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 next phase of our change programme focuses heavily on new ways of working. To support this, we will be implementing new HR and Training and Development Strategies in 2018. We will continue to support the Culture Change Ambassador Network so that our work culture and practices evolve and keep improving. Our staff accommodation project at All Saints, London will ensure that our back of house spaces are efficient and effective and that we provide facilities that support collaborative ways of working in terms of their physical build and digital infrastructure.

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. This will include digitisation activity to preserve and make accessible targeted parts of our collections. Our collections management approach is increasingly responsive, so that our world-leading collections remains relevant, dynamic, accessible and usable to our audiences. This can be seen in

the programme for developing our contemporary collections and supporting collecting activity for the development of our new Holocaust Galleries at IWM London.

Our three-year collections storage masterplan at IWM Duxford will ensure that we provide the correct environment for our collections objects. Moving collections currently in store at IWM London to optimised storage facilities at IWM Duxford will enable the Transforming IWM London project to progress. The delivery of a new, purpose built large object store at IWM Duxford will also facilitate the implementation of the IWM Duxford masterplan. Ensuring that members of the public and researchers have access to our collections and continual improvement in the service we offer is a major consideration 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.

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 62.

The accounts are presented in accordance with the provisions of the Statement of Recommended Practice (SORP) 2015. Net incoming resources for this year, after depreciation but before revaluation changes, were a surplus of £11.198 million, an increase of £11.430 million year on year. The previous year had seen funds decrease by a total of £0.232 million.

The change in 2016–17 is made up of an increase in the net unrestricted funds of £2.017 million, after transfers, and an increase in restricted funds of £9.413 million.

The increase in net unrestricted funds, before transfers, is £0.525 million. When adjusted for grants made this represents a negative performance of £2.475 million. Income from trading activities has fallen by £0.967 million (8 per cent). Air show visitors were 30 per cent lower than the record-breaking season of the previous year. This hits the bottom line fully as related costs are mostly fixed, indeed some increased necessarily. In addition the charging special exhibitions did not achieve target and lower visitation to our free branches had a negative impact on retail turnover as well.

This downturn has been offset in part by a 4 per cent increase in admissions income, representing £0.394 million. The most significant contributor to this was Churchill War Rooms which achieved record numbers of visitors.

Unrestricted expenditure has increased by £1.984 million (5 per cent) when adjusted for grant giving. This is due in part to the ongoing costs of the change programme, including adjustments as a result of the review of pay and grading for staff. The costs of early retirements were £0.524 million higher year on year.

Net restricted income increased by £10.905 million compared to the previous year, before transfers. This was due chiefly to the increase in funding received from the Department for Culture Media and Sport for backlog maintenance works. This has been expended on capital repairs in the main. In addition restricted funds have been received in support of our educational activities and the 14-18 NOW cultural programme.

Overall the level of funds carried forward at 31 March 2017 increased by £17.615 million in comparison to an increase of £25.295 million in the previous year. The increase this year is due in part to the revaluation gain on fixed assets as assessed at 31 March 2017 (£6.417 million) with the balance arising chiefly from the increase in restricted funds held.

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 2017.

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 six months of activity are known. In addition, projects that are to be funded from externally raised income will not be started until such funding is secure. These mechanisms have worked effectively in allowing us to adapt and respond within financial years without significant disruption.

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

Reserves

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

5.2 Public sector payment policy

IWM has implemented the Confederation of British Industries' Prompt Payers Code. All suppliers are informed by standard letter of IWM's payment procedure and the system for addressing complaints and disputes. The percentage of invoices paid promptly within 30 days in 2016–17 was 82 per cent (81 per cent in 2015–16).

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)	2016–17	2015–16	% change
Access			
Number of visits to IWM (excluding corporate hospitality guests and virtual visitors)	2,416*	2,539	-5%
Number of unique website visits	6,186	5,290	17%
Audience profile			
Number of visits by children under 16 visiting IWM	513	528	-3%
Number of overseas visitors	925	1,000	-8%
Learning and outreach			
Number of facilitated and self-directed visits to IWM by children under 18 in formal education	97**	168	-42%
Number of instances of children under 18 in on-site organised activities	81**	198	-59%
Visitor satisfaction			
Percentage of visitors who would recommend a visit	99%	99%	-
Income generation			
Admissions income (gross)	£9,919	£9,525	4%
Trading net profit	£3,717 ***	£5,105	-27%
Fundraising income	£12,601	£7,713****	21%
Regional engagement			
Number of UK loan venues (<i>exact number reported</i>)	90	88	2%

* Visitor number performance trends have been unpredictable and mixed this past year. We have seen a downward trend at our free branches as reflected in the figures above

** A reduction in the number of learners on last year reflects the temporary impact of our Learning Review, during which we paused the majority of learning programme activity to allow staff to have the time to contribute.

*** A decline in net profit this year reflects the impact of the 2016 IWM Duxford air show season which did not meet the record numbers achieved in 2015 (and yet our cost base for delivering air shows remains flat). Less net profit this year is also the result of the decline in visitor numbers at IWM London and IWM North, which had an impact on business areas dependent upon them (such as retail and public catering).

**** Please note that the figure for 2015-16 has been restated to exclude lottery grant funding, which was previously reported.

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. Of particular note is our Learning Review, and from that, the implementation of a new Public Engagement and Learning team as of January 2017. The road ahead for public engagement and programming development is very exciting and an area where we can become more experimental and where our impact can be more deeply felt.

We have rolled out new staff policies this past year. Most notable is our pay and grading review which has introduced a new pay architecture at IWM and a revised job evaluation policy. This review and new pay bands ensure that we now have transparency and parity of pay across IWM. We have revised our Dignity and Respect at Work policy and have a Shared Parental Leave policy in place in response to legislative change in this area.

We have changed our payroll provider and introduced a new HR self-service platform. All IWM staff are able to update their personal details, book and record leave (annual leave and sick leave) and submit overtime claims online. We are continuing to expand this platform so as to streamline other HR and operational functions.

Through IWM's Apprenticeship Scheme, launched in 2016, we have introduced three new apprentice roles within IWM. This scheme is being run in partnership with Manchester Metropolitan University and is transforming the way that we engage with and develop future talent, through encouraging young people to enter the workforce, gain experience on the job, while gaining their vocational tertiary qualification.

Our Cultural Change Ambassador Network (CCAN) 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. A series of 'Notes Day' workshops took place across IWM during the summer, engaging all staff and volunteers with the cultural transformation of IWM. Key elements of the action plan are already in place this year. This includes the creation of a social committee that planned and delivered three simultaneous spring social events at IWM London, IWM Duxford and IWM North to celebrate IWM's Centenary in 2017. We are launching a refreshed induction for new starters later this year which will engage staff with the work that IWM does and enable them to visit all of our five branches, thereby consolidating our new corporate way of working. This activity has all been championed by staff at grassroots level.

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.

At the end of March 2017 (and for those declared³), 8.5 per cent of our staff considered themselves to have a limiting disability, 14 per cent of staff were from a black or minority ethnic group and 6 per cent LGB&T. On average (over the period), our workforce was made up of 46 per cent male and 54 per cent female employees. Our Executive Leadership Team membership reflects a constitution of 40 per cent female and 60 per cent male (this includes our Director-General, Diane Lees), while our Senior Management Team is made up of 64 per cent female and 36 per cent male Assistant Directors.

The total number of staff sick days has decreased this past year. Short and medium-term sick leave averaged at 2.92 days for 2016–17 compared to 3.81 days for 2015–16. This is an encouraging improvement on last year and a return to the levels sustained in previous years. It should be noted that our strategic change programme was underway in 2015–16 and that whilst every effort was made to safeguard the morale and wellbeing of our staff, the uncertainty that change can bring about was potentially unsettling for many. Our new ways of working and corporate-wide structure is bringing many benefits and has been positively embraced by staff and stakeholders.

6.3 Inclusivity

IWM's Equality Strategy describes how we will promote equality. Following the change programme, the strategy is being reviewed and in the upcoming year an Access and Inclusion Strategy will be developed to ensure that we maintain a strong strategic steer around access to IWM, our collections, digital assets and the diversity of our audiences and workforce.

We seek to adopt best practice in inclusive design in all our projects, activities and visitor service provision, to ensure that physical, sensory and intellectual access is maximised. We continue to take part in Disabled Access Day, offering a full programme of events at IWM London and IWM North. Access, equality and diversity issues are always considered when developing our public programmes; from project initiation documents and throughout all exhibition planning. One of our key objectives is to prioritise diversity and access as part of our major capital projects, 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 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 2016–17.

³ Percentages reported are of those who made a declaration

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 which are scarce or non-renewable. We aim to reduce waste through reuse and recycling and by using reconditioned and recycled products and materials where such alternatives are available.

7.1 Greenhouse gas emissions

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

It is worth noting that while we are working to reduce our carbon footprint, 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. 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 response to this challenge, our Estates Strategy has set out a roadmap for the long-term, sustainable management of our buildings, historic sites and infrastructure systems. Through our phased lifecycle maintenance programme, we are progressively updating outdated plant and equipment with new, energy efficient systems. In January 2017 we installed new boilers and pumps at IWM London, replacing boilers that were almost twenty years old. In the coming years we expect to see a positive reduction in emissions due to the boilers being more energy efficient and the implementation of a new Building Management System which will allow greater operational control over the boilers and pumps, resulting in reduced gas and electricity usage.

Our Collections Management department actively seek solutions for driving further energy efficiencies and reducing utilities costs, while ensuring that our collections are stored in optimal conditions. We are undertaking a significant collections storage programme between 2017 and 2020, which will see our collections consolidated and stored at IWM Duxford. The approach will lead to greater energy and financial efficiencies through passive methods. This includes the construction of one new low energy building using the German Passivhaus method (subject to planning approval currently being sought).

In terms of year-on-year performance, we have seen a decrease in scope one emissions, specifically in the usage of gas and fuel. This is due to a milder winter this year and the new boilers becoming operational during the winter season. We have also reduced our

fleet of vehicles at IWM Duxford by two, which has led to a significant drop in fuel usage.

Greenhouse gas emissions (actual)	2016–17 actual	2015–16 actual	% change year on year	2014–15 actual	2013–14 actual
Scope 1: total emissions (tCO ₂ e)	1,429	1,554	-8%	1,167	1,256
Scope 1: emissions from gas consumption (tCO ₂ e)	818	948	-14%	851	581
Scope 1: emissions from oil consumption (tCO ₂ e)	577	557	4%	539	616
Scope 1: emissions from organisational-owned fleet vehicles (tCO ₂ e)	35	49	-29%	50	60
Scope 2: Energy consumed (kWh) electricity, gas and oil consumption combined (<i>rounded up to nearest 000's</i>)	17,066	19,686	-13%	18,384	16,862

Greenhouse gas emissions Financial expenditure '000s	2016–17 actual	2015–16 actual	% change year on year	2014–15 actual	2013–14 actual
CRC Energy Efficiency Scheme	£122	£124	-2%	£127	£81
Carbon offset purchases	£0	£0	-	£0	£0
Scope 1: expenditure of emissions from organisation-owned fleet vehicles (gross)	£13	£20	-35%	£24	£30
Scope 2: expenditure of energy consumed (kWh) electricity, gas and oil consumption combined	£1,436	£1,383	4%	£1,439	£1,282
Electricity expenditure	£1,225	£1,198	2%	£1,188	£1,035
Gas expenditure	£211	£185	14%	£251	£248
Scope 3: Total expenditure of official business travel (subdivided below)	£276	£221	25%	£179	£176
Air travel	£13	£11	18%	£8	£2

Rail and underground	£164	£131	25%	£107	£97
Bus or coach	£5	£4	25%	£3	£11
Hire car or taxi	£28	£22	27%	£18	£26
Private vehicle	£66	£53	25%	£43	£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.

Waste minimisation	2016–17 actual	2015–16 actual	% change year on year	2014–15 actual	2013–14 actual
Total standard waste arising (tonnes) *	499	559	-11%	531	303
Waste sent to landfill (tonnes)**	35	21	67%	21	13
Waste recycled or reused (tonnes) *	167	218	-23%	234	125
Composted waste (tonnes) *	17	22	-23%	9	6
Percentage of waste recycled and composted *	37%	43%	-18%	46%	43%

Waste incinerated to convert to energy (tonnes)*	280	297	-6%	268	160
Average waste produced per annum per visitor and full time equivalent staff (kilograms)*	0.26	0.32	-36%	0.19	0.28
Average waste recycled, reused or composted per annum per visitor and full time equivalent staff (kilograms)*	0.09	0.14	-22%	0.08	0.12

* 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 figure for waste overall is impacted by visitor numbers and our events programme. Overall reduction could be due to a decrease in air show visitor numbers at IWM Duxford (compared with record numbers achieved last year) and a 5 per cent drop in visitor numbers overall.

** The proportion of waste to landfill will reduce in coming years as our service providers since November 2016 do not send any waste to landfill.

Waste minimisation Financial expenditure'000s	2016–17 actual	2015–16 actual	% change year on year	2014–15 actual	2013–14 actual
Total expenditure on waste disposal	£71	£100	-29%	£73	£60
Expenditure of waste sent to landfill	£5	£3	67%	£3	£3
Expenditure of waste recycled	£24	£42	-43%	£32	£25
Expenditure of waste incinerated	Nil	nil	-	nil	nil
Expenditure of waste converted to energy	£40	£53	-25%	£37	£32

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.

Consumption of water over this period shows an increase of 11 per cent on last year. It is difficult to calculate and report on consumption for the year accurately and use the measure as a reliable year-on-year comparator as estimated reads are taken during the

year and actual usage is reconciled through back-dated bills. We have tried as best we can to calculate the consumption for the year however this may not be an accurate indicator of actual consumption because of the effect of back dated payments. It is also worth noting that historical data provided for years 2014–15 and 2013–14 is skewed by the interruption of services during the Transforming IWM London project in 2013–14 and part of 2014–15. During the construction phase of the project, the water supply at IWM London was switched off and the building temporarily shut to the public. Following the reconnection of the service and re-opening of the branch, it was some time before an accurate water meter reading was taken. This accounts for the perception that water consumption has increased significantly from 2015–16 onwards, when in actual terms it has not.

Our consumption of paper has reduced and print usage has fallen significantly following the introduction of a PaperCut print management system in 2015–16. The system requires our staff to activate all print jobs with their staff pass. This small change in behaviour continues to have a demonstrable return through efficiency measures such as grayscale printing by default, enforced double-sided printing and routing large jobs to the most cost effective devices. Furthermore we track print and associated costs by individual user, office or department through the system. We have saved over 78,000 sheets of paper from unreleased jobs in 2016–17. This is the equivalent of 353 kg CO₂ saved and over 22,212 equivalent 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). Other small changes contributing to the fall in paper consumption include actions by our IT department to offer new starters a laptop and docking station in place of a PC. The increased use of mobile technology and associated paperless working practices may also be contributing to less print demand.

Finite resource consumption	2016–17 actual	2015–16 actual	% change year on year	2014–15 actual	2013–14 actual
Finite resources, water (in cubic metres / m ³)*. <i>Rounded up to nearest 000's</i>	75	68	11%	48	40
Paper consumption - A4 (reams of paper). <i>Actual number reported</i>	2,525	5,255	-52%	3,230	n/a
Paper consumption – A3 (reams of paper). <i>Actual number reported</i>	155	200	-23%	106	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).

Finite resource consumption Financial expenditure '000s	2016–17 actual	2015–16 actual	% change year on year	2014–15 actual	2013–14 actual
Expenditure of water supplied	£156	£136	15%	£104	£106
Expenditure of paper A4 & A3	£6	£14	-57%	£8	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). To offset this, we recycle and reuse equipment and building material wherever possible in all our exhibition fit outs. For example our *Fashion on the Ration: 1940s Street Style* exhibition moved from IWM London to IWM North, where it launched in May 2016. This has meant that elements of the exhibition such as mounts, mannequins, interactives, acrylic showcases, some graphics, showcase furniture and frames were transferred to and reused for the exhibition at IWM North.

All timber that is procured is from sustainable sources, with suppliers required to provide us with certificates to validate this. Our exhibition materials are sourced from local suppliers so as to reduce fuel delivery consumption, while 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 for other museums, we will advertise them via this forum.

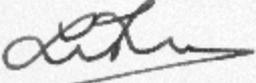
7.5 Print buying policy

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

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 developing a bespoke framework which draws from BREEAM (a recognised environmental assessment method and rating system for buildings). The project design teams' consultants are tasked with reporting against this framework throughout the design and construction programme.

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	Diane Lees CBE FMA FRSA Director-General and Accounting Officer
Date 5 July 2017	

8. Reference and Administrative Details of the Charity, the Trustees and Advisers

8.1 Addresses

IWM London

Lambeth Road
London SE1 6HZ

IWM North

The Quays
Trafford Wharf Road
Manchester M17 1TZ

IWM Duxford

Cambridgeshire CB22 4QR

Churchill War Rooms

Clive Steps
King Charles Street
London SW1A 2AQ

HMS *Belfast*

The Queen's Walk
London SE1 2JH

Website

iwm.org.uk

8.2 Principal advisers

Solicitors

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

Principal bankers

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 £39,000.

Auditors

Consolidated accounts

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

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

Imperial War Museum Trading Company Limited

Kingston Smith
Devonshire House
60 Goswell Road
London EC1M 7AD

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 (from 1 March 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

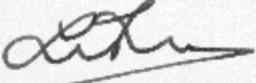
Lieutenant General Sir John Kiszely KCB MC DL (to 17 August 2016) *

Board Members

Lord Ashcroft of Chichester KCMG PC
Elizabeth Cleaver (from 28 November 2016)
Rear Admiral Amjad Hussain CB *
Tim Marlow
Dame Judith Mayhew Jonas DBE *
Paul Potts CBE
Sir John Scarlett KCMG OBE
Professor Sir Hew Strachan PhD FRSE
Tamsin Todd
Peter Watkins
Matthew Westerman *
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) (from March 2014)
His Excellency The Hon Sir Lockwood Smith (High Commissioner for New Zealand)
His Excellency Syed Ibne Abbas (High Commissioner for Pakistan)

His Excellency Obed Mlaba (High Commissioner for South Africa)
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	Diane Lees CBE FMA FRSA Director-General and Accounting Officer
Date 5 July 2017	

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 2016-17 or 2015-16. Pay rises were capped at 1.25 per cent for all Directors in 2016-17. 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 2017 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)	
	2016- 17	2015- 16	2016- 17	2015- 16	2016- 17	2016- 15	2016- 17	2015- 16	2016- 17	2015- 16
D Lees Director General	145- 150	140- 145	19	18	nil	nil	93	47	225- 230	210- 215
J Card Executive Director of Collections and Governance	115- 120 (FTE 110- 115)	95- 100	nil	nil	nil	nil	59	90	175- 180 (FTE 165- 170)	150- 155
G Etheridge Acting Executive Director of Museum and Visitor Services (1 April 2016 to 8 January 2017)	100- 105 (FTE 90- 95)	85-90	nil	nil	nil	nil	42	39	120- 125 (FTE 125- 130)	120- 125
G Perry Executive Director of Museum and Visitor Services (from 9 November 2015 to 30 June 2016)	25-30 (FTE 85- 90)	30-35 (FTE: 85- 90)	nil	nil	nil	nil	8	13	30-35 (FTE 95- 99)	45-50 (FTE 105- 110)
G Webber Executive Director of Content and Programmes (from 11 January 2016)	95- 100	20-25 (FTE: 95- 100)	nil	nil	nil	nil	38	9	135- 140	30-35 (FTE: 105- 110)

J Brown Executive Director Commercial Services and Operations (from 9 January 2017)	21-25 (FTE 90-95)	nil	nil	nil	nil	nil	8	nil	nil	21-25 (FTE 90-95)
A Stoneman Acting Director of Duxford & Director of Corporate Services (until 14 September 2015)	nil	40-45 (FTE 90-93)	nil	nil	nil	nil	nil	13	nil	55-60 (FTE-105-110)

The figures relating to the pensions for the Executive Director for Collections and Governance, Jon Card and the Acting Executive Director of Museum and Visitor Services have been re-stated for 2015-16 to take into account a retrospective update to pensionable pay.

For 2016-2017 Ms Lees was provided with an accommodation allowance of £13,462 (2015-2016, £10,600), the amount of which is included in the salary figures above. No other benefits in kind were made available to the Director-General or Executive Directors in the year.

The Director-General and Executive Directors have permanent contracts of employment with notice periods of three months. Other than those stated in the table above, no other benefits in kind were made attributable to them for the year.

The Acting Director of Duxford and Corporate Services, Alan Stoneman, left his role in early April 2015. IWM continued to pay Mr Stoneman until approval was received from the Cabinet Office, on Monday 7 September 2015, for the payment of his exit package. From 1 April, until the Executive Director of Museum and Visitor Services, Gregory Perry, was appointed, the role was covered by the Graeme Etheridge, Change Director, as Acting Executive Director of Museum and Visitor Services. 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.

One compensation payment was made to the Gregory Perry, the former Executive Director for Museum and Visitor Services, during the year (2015-16 none) and is included below in the table under 9.8. In the event of early termination of employment the provisions of the Principal Civil Service Pension Scheme are to be followed. There were no payments to third parties for the services of Senior Managers at any time.

The Chairman and Board of Trustees received no remuneration for their services during 2015–16 or 2014–15 Travel and subsistence expenses paid to six Trustees amounted to £1,470 (this was £5,137 in 2015–16).

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.

	2016-17	2015-16
	£'000	£'000
Band of highest paid director's total remuneration	165-170	160-165
Median total remuneration	£26,831	£25,660
Ratio	6.24	6.33

The banded remuneration of the highest-paid director in IWM in the financial year was £165,000 – £170,000 (2015-16, £160,000 – £165,000). This was 6.24 times (6.33 in 2015–16) the median remuneration of the workforce, which was £26,831 (£25,660 in 2015–16).

In 2016-17, no employees (2015-16, 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 31/3/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/17	CETV at 31/3/16	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
D Lees Director General	50-55 plus lump sum of 40-45	5-7.5 plus a lump sum of 0-2-5	906	788	77	nil
J Card Executive Director of Collections and Governance	30-35 plus lump sum of 90-95	2.5-5 plus lump sum increase of 7.5-10	704	612	59	nil
G Etheridge Acting Executive Director Museum and Visitor Services (1 April - 9 November 2015)	5-10	0-2.5	70	44	17	nil
G Perry Executive Director Museum and Visitor Services (from 9 November 2015)	0-5	0-2.5	17	10	5	nil
G Webber Executive Director Contents and Programmes (from 11 January 2016)	0-5	0-0.25	33	6	20	nil

J Brown Executive Director of Commercial Services and Operations (from 9 January 2017)	0-5	0-2.5	6	nil	4	Nil
A Stoneman Acting Director of Duxford & Director of Corporate Services (until 14 September 2015)	nil	nil	nil	905	nil	Nil

9.5 Civil Service Pensions

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

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

Employee contributions are salary-related and range between 3 per cent and 8.05 per cent of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6 per cent and 8.05 per cent for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings

during the period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent if their pensionable earnings in that scheme year and the accrued pension is uprated in line with the Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent up to 30 September 2015 and 8 per cent and 14.75 per cent from 1 October 2015 (depending on age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary up to 30 September 2015 and 0.5 per cent of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

9.6 Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV equivalents for Jon Card and Graeme Etheridge as at 31 March 2016 have 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)	8 (2)	8 (2)
£10,000–£25,000	nil (nil)	6 (1)	6 (1)
£25,000–£50,000	nil (nil)	10 (2)	10 (2)
£50,000–£100,000	nil (nil)	5 (4)	5 (4)
Total number of exit packages	nil (nil)	29 (9)	29 (9)
Total resource cost / £	nil (nil)	£802,552 (£348,057)	£802,552 (£348,057)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of the early departures being agreed. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by pension scheme and are not included in the table. Included in the exit costs above are redundancy compensation, top-up compensation to buy out the actuarial reduction on pension, PILON (Payment In Lieu Of Notice, salary part) and CILON (Compensation In Lieu Of Notice, pension part).

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

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

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

1. Observe the accounts direction issued by the Secretary of State and the Government Financial Reporting Manual, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
2. Make judgements and estimates on a reasonable basis
3. State whether applicable accounting standards as set out in the Government Financial Reporting Manual and the Statements of Recommended Practice have been followed, and disclose and explain any material departures in the financial statements
4. Prepare the financial statements on the going concern basis, unless it is inappropriate to assume that IWM will continue in operation

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director-General, Diane Lees CBE, as the Accounting Officer for IWM. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records and the safeguarding of IWM assets, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Managing Public Money.

 Air Chief Marshal Sir Stuart Peach GBE KCB ADC DL Chairman of the Trustees Date 5 July 2017	 Diane Lees CBE FMA FRSA Director-General and Accounting Officer
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11. Governance Statement

11.1 Introduction

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

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

IWM is now governed by a Board of Trustees acting on the authority of the Imperial War Museum Acts 1920 and 1955, the Museums and Galleries Act 1992 and other relevant legislation. We are a non-departmental public body (NDPB) with the Department for Culture, Media and Sport (DCMS) as our sponsoring body.

11.2 Corporate governance framework

11.2.1 Scope of responsibility

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

11.2.2 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 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.

Two Trustees retired from the Board during 2016–17: Sir Francis Richards and Lt General Sir John Kiszely; successors have yet to be appointed. Elizabeth Cleaver was appointed in November 2016 to succeed Sir Nick Williams. Air Chief Marshal Sir Stuart Peach was appointed Chair of Trustees, in accordance with the provisions of the Imperial War Museum Act 1920, in succession to Sir Francis Richards, with effect from 2 April 2016.

Role

The Board approves IWM's Corporate Plan objectives and the targets are agreed with DCMS through our Management 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), Art Commissions Committee, Remuneration Committee and Nominations Committee.

11.2.3 Committees

- The Audit Committee advises the Director-General and the Board of Trustees on the adequacy of audit arrangements, risk management and internal control. It regularly reviews risk management, including risks relating to 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.

11.2.4 Executive Teams

11.2.4.1 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)
- Executive Director of Collections and Governance
- Executive Director of Content and Programmes
- Executive Director of Commercial Services and Operations
- Change Director

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.

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

11.2.4.2 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, Collections Management
- Assistant Director, Commercial Services
- Assistant Director, Communications
- Assistant Director, Exhibitions and Interpretation
- Assistant Director, Major Projects
- Assistant Director, Narrative and Content
- Assistant Director, Public Engagement and Learning
- Assistant Director, Strategy and Planning (Chair)
- Assistant Director, Visitor and Property Services
- Chief Information Officer
- Executive Head of Development

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.

11.2.4.3 Governance Boards

Our Governance Boards support SMT in the delivery of our strategic priorities. The Boards are chaired by Assistant Directors⁴ and report back to SMT on emerging issues and progress made in the following areas:

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

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.

11.3 Annual Review

11.3.1 Board of Trustees

The Board of Trustees signed off the Annual Report and Accounts for 2015–16 and IWM's Corporate Plan 2017–20. It has approved a number of acquisitions for the collection with a value above £100k. 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 2016–19 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.

⁴ With the exception of Public Engagement and Content, which is chaired by the Executive Director of Content and Programmes, and Major Projects Board which is chaired by the Director-General

Key areas of business considered and approved include:

- Progress of IWM's major projects including the second phase of Transforming IWM London (the redevelopment of our Holocaust and Second World War Galleries), the IWM Duxford masterplan and our collections storage programme
- Our collections development programme
- Organisational change, including IWM's Learning Review
- IWM's Public Programme

The Board held its annual away day in February when Trustees carried out their annual effectiveness review (see 11.3.6) and heard from the Director-General about plans and priorities going forward.

11.3.2 Quality of data provided to the Board

Performance and financial data provided to the Board 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 has been made regarding the visual representation of performance measures 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.

11.3.3 Audit Committee

Over the course of the year, the Audit Committee has carried out its regular review of the organisational strategic risk register. It has approved IWM's Internal Audit strategy for 2017–18 and monitored the progress of internal audits for the current year, 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 IWM's Annual Report and Accounts were recommended for approval. The Committee's Terms of Reference, which are reviewed annually, have been updated to reflect the fact that the Audit Committee now has oversight of the assurance requirements for the IWM Film Production Ltd.

11.3.4 Nominations Committee

The Board's Nominations Committee was established in March 2016 in order to take the lead in Trustee appointments. It has met once in the current year.

11.3.5 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 73 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	100%
HE Janice Charette (or representative)	100%
HE The Hon Alexander Downer	100%
Elizabeth Cleaver	50% (1 of 2)
HE Syed Ibne Abbas (or representative)	25%
Rear Admiral Amjad Hussain	100%
Lt General Sir John Kiszely	100% (1 of 1)
HE Sir Lockwood Smith (or representative)	100%
Tim Marlow	75%
Dame Judith Mayhew Jonas	100%
HE Obed Mlaba (or representative)	0%
Air Chief Marshal Sir Stuart Peach	100%
Paul Potts	50%
Sir John Scarlett	25%
HE Y K Sinha (or representative)	75%
Professor Sir Hew Strachan	100%
Tamsin Todd	100%
Peter Watkins	50%
Matthew Westerman	100%
HE Amari Wijewardene (or representative)	0%

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 100 per cent.

Committee Member	Attendance
Sir John Kiszely (Chair to August 2016)	100% (2 of 2)
Rear Admiral Amjad Hussain	100%
Lynn Krige (co-opted)	100%
Dame Judith Mayhew Jonas	100%
Matthew Westerman (Chair from September 2016)	100%

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	100%
Paul Seawright	100%
Diane Lees	100%
Kathleen Palmer	100%

Over the past year, there has been no departure from the Corporate Governance Code⁵.

11.3.6 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 February 2017 found that the Board was effective, particularly in the areas

⁵ IWM's Corporate Governance Code brings together the powers and responsibilities recorded in legislation and regulations laid down by Parliament, HM Treasury (HMT), the Department for Culture, Media and Sport and the Charity Commissioners, together with current applicable elements of recommended good practice from HMT.

of teamwork and holding management to account, with no significant weaknesses highlighted. Areas identified for potential improvement include succession planning and better use of Trustees' skills and experience. The succession plan was reviewed and future appointments discussed generally. The Director-General presented the strategic priorities for the year ahead. Trustees concluded that the strategic focus for 2017–20 would be the development of the IWM Institute for War and Conflict studies, our Digital Strategy, collections storage programme, contemporary collecting, staff accommodation, cultural change, the development of IWM's Human Resources Strategy and long term financial sustainability.

11.4 Internal accountability mechanisms

11.4.1 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.

11.4.2 Board of Trustees

A register of Trustees' interests is maintained and is available for public inspection via our website. Trustees are required to review their assurance statements and related party transactions annually and to declare any conflicts of interest at the commencement of each meeting of the Board and its committees.

11.5 Risk management

IWM's internal control system is designed to manage risk to a reasonable level, rather than eradicate all risk of failure. It can only provide reasonable and not absolute

assurance of effectiveness therefore. In managing risk we identify the opportunities and risks in achieving our strategic objectives, evaluate the likelihood of those risks being realised, the impact should they be realised and the controls in place to manage them efficiently and effectively. Our approach to risk management and the process for implementation are outlined in IWM's Risk Management Strategy, 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.

11.5.1 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 'a breach in IT security'. Before this change, the threat to IWM's IT security was articulated and managed across all of our nine strategic risk areas as its potential impact is far-reaching. Treating the risk as a stand-alone item will provide assurance that its treatment has more visibility and that appropriate controls and mitigating actions are being taken.

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 are working to meet the Government's Cyber Essentials Plus security standard and achieve accreditation in 2017–18.
- The risk relating to 'financial resources' has been reduced from Red to 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. The impact that the terrorist attacks on London and Manchester may have on our visitor numbers and admissions income is being closely monitored.

- Visitor number performance over the first half of the year was mixed and the residual Amber rating at the time reflected the risk presented by declining audiences. Towards the later part of the financial year we experienced a strong recovery and the risk was brought down to a Green rating to reflect that forward planning was predicated on greater optimism, due to the opportunities for increased audiences from both our overseas and domestic markets. Following the terrorist attacks on London and Manchester the residual rating has returned to an Amber position. We anticipate that this incident may impact visitor trends in London and Manchester and that it may take some time before confidence in visiting London and Manchester is restored. This risk may be most keenly felt at Churchill War Rooms which has a high proportion of visitors from abroad and the US in particular. Our marketing approach is being adapted to focus on audiences that are more resilient to minimise the impact on our business.
- The overall residual risk rating for 'inefficient and outmoded infrastructure' has remained at a high level to reflect the fact that our funding provision only addresses immediate and highest priority challenges. In the longer-term, our major projects, infrastructure development and masterplanning, when realised, will significantly improve the management and effective 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. We have also delivered a pay and grading review to address issues of inequality. 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 Strategy for our staff in the coming year, as part of a wider HR Strategy.
- The risk around 'significant business interruption' has been 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.

11.5.2 Managing information security risk

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

regularly auditing their system.

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

11.5.3 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 2017.

The threat of terrorist activity and the public's perception of safety remains a significant challenge – now heightened following multiple 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 as well as a fall in the number of families visiting our branches. Our Audience Development Plan is dynamic and is being refocused to target more resilient audiences in the aftermath of the terrorist incidents in London and Manchester. 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 behaviour are significant challenges. The impact that a perceived terrorist threat may have on our audience levels at our London branches is being closely monitored.

IWM has a low risk appetite with regard to governance, compliance and regulation. The new General Data Protection Regulations (GDPR), which will be introduced in the spring of 2018, will require a body of work to ensure that our systems and processes are compliant with the new directive. Work is underway in preparation for this.

11.6 Internal Audit assessment

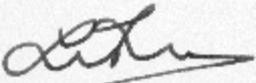
As part of our internal audit plan, Internal Auditors Mazars have carried out reviews of our project management methodology, human resources function, risk management practice,

public health and safety standards and IT security and infrastructure development. Interim reports and an annual report on progress against the internal audit plan for 2016–17 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 IWM's governance, risk management and internal control arrangements are adequate and effective. Certain exceptions and areas of improvement have been highlighted by internal audit work undertaken this past year. Two of these – the review of IT security and infrastructure and the review of project management – were fundamental in nature. Recommendations made are being addressed by IWM management as a matter of priority.

11.7 Assurance Statement by the Audit Committee

The Audit Committee are reasonably confident that the reliability, integrity, quality and comprehensiveness of the assurances provided by 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	Diane Lees CBE FMA FRSA Director-General and Accounting Officer
Date 5 July 2017	

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

I certify that I have audited the financial statements of The Imperial War Museum for the year ended 31 March 2017 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated and Museum Statements of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Statement of Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Trustees, Director-General and auditor

As explained more fully in the Statement of Trustees' and Director-General's responsibilities, the Trustees and the Director-General as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Imperial War Museum's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Imperial War Museum and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the 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.

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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of Imperial War Museum's affairs as at 31 March 2017 and of its Net Income/ (Expenditure) for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Museum and Galleries Act 1992; and
- the information given in Achievements and Performance, Financial Review, Environmental Sustainability Report, and the Reference and administrative details of the charity, the Trustees and advisers sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date 11 July 2017

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

IMPERIAL WAR MUSEUM ACCOUNT 2016-17

Consolidated Statement of Financial Activities for the year ended 31 March 2017

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000
Income and endowments from:							
Donations and legacies							
Grant-in-Aid	2a	17,586	14,550	32,136	17,586	6,284	23,870
External funds	2b	975	11,212	12,187	881	6,102	6,983
Lottery funding		-	1,302	1,302	-	2,723	2,723
Donated objects and services		-	414	414	-	730	730
		18,561	27,478	46,039	18,467	15,839	34,306
Other trading activities							
Income from commercial activities	13	8,902	-	8,902	10,019	-	10,019
Fees		1,666	208	1,874	1,426	211	1,637
Royalties	13	527	-	527	618	-	618
Disposals of assets		33	-	33	32	-	32
		11,128	208	11,336	12,095	211	12,306
Investments	3	29	2	31	41	1	42
Charitable activities							
Admissions		9,919	-	9,919	9,525	-	9,525
Total income and endowments		39,637	27,688	67,325	40,128	16,051	56,179
Expenditure on:							
Raising funds							
Fundraising and publicity		2,624	1,062	3,686	2,403	453	2,856
Commercial costs	13	6,294	53	6,347	6,065	18	6,083
		8,918	1,115	10,033	8,468	471	8,939
Charitable activities							
Education, exhibitions and visitor services		15,771	6,576	22,347	15,398	7,948	23,346
Building care and preservation		6,968	7,154	14,122	6,812	6,638	13,450
Collections management and conservation		7,713	756	8,469	6,687	427	7,114
Grants	14	-	1,120	1,120	3,000	467	3,467
Purchases for the collection		35	1	36	56	39	95
		30,487	15,607	46,094	31,953	15,519	47,472
Total expenditure	5	39,405	16,722	56,127	40,421	15,990	56,411
Net income/(expenditure)	4	232	10,966	11,198	(293)	61	(232)
Transfers between funds		3,519	(3,519)	-	2,027	(2,027)	-
Other recognised gains							
Gains on revaluation of fixed assets		777	5,640	6,417	4,373	21,154	25,527
Net movement in funds		4,528	13,087	17,615	6,107	19,188	25,295
Reconciliation of funds:							
Total fund balances brought forward at 1 April 2016		36,046	194,661	230,707	29,939	175,473	205,412
Total fund balances carried forward at 31 March 2017	18	40,574	207,748	248,322	36,046	194,661	230,707

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 66 to 84 form part of these accounts

IMPERIAL WAR MUSEUM ACCOUNT 2016-17

Museum Statement of Financial Activities for the year ended 31 March 2017

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000
Income and endowments from:							
<i>Donations and legacies</i>							
Grant-in-Aid	2a	17,586	14,550	32,136	17,586	6,284	23,870
External funds	2b	4,651	10,849	15,500	5,954	5,453	11,407
Lottery funding		-	1,302	1,302	-	2,723	2,723
Donated objects and services		-	418	418	-	735	735
		<u>22,237</u>	<u>27,119</u>	<u>49,356</u>	<u>23,540</u>	<u>15,195</u>	<u>38,735</u>
<i>Other trading activities</i>							
Income from commercial activities		1	-	1	1	-	1
Fees		1,670	208	1,878	1,704	211	1,915
Disposals of assets		34	-	34	32	-	32
		<u>1,705</u>	<u>208</u>	<u>1,913</u>	<u>1,737</u>	<u>211</u>	<u>1,948</u>
<i>Investments</i>	3	26	2	28	33	1	34
<i>Charitable activities</i>							
Admissions		9,919	-	9,919	9,525	-	9,525
Total income and endowments		<u>33,887</u>	<u>27,329</u>	<u>61,216</u>	<u>34,835</u>	<u>15,407</u>	<u>50,242</u>
Expenditure on:							
<i>Raising funds</i>							
Fundraising and publicity		2,626	1,062	3,688	2,403	453	2,856
Commercial costs		9	-	9	11	5	16
		<u>2,635</u>	<u>1,062</u>	<u>3,697</u>	<u>2,414</u>	<u>458</u>	<u>2,872</u>
<i>Charitable activities</i>							
Education, exhibitions and visitor services		14,717	6,654	21,371	14,327	7,956	22,283
Building care and preservation		6,968	7,154	14,122	6,812	6,638	13,450
Collections management and conservation		7,714	756	8,470	6,687	427	7,114
Grants	14	2	2,320	2,322	3,022	1,638	4,660
Purchases for the collection		35	1	36	57	39	96
		<u>29,436</u>	<u>16,885</u>	<u>46,321</u>	<u>30,905</u>	<u>16,698</u>	<u>47,603</u>
Total expenditure	5	<u>32,071</u>	<u>17,947</u>	<u>50,018</u>	<u>33,319</u>	<u>17,156</u>	<u>50,475</u>
Net income/(expenditure)		<u>1,816</u>	<u>9,382</u>	<u>11,198</u>	<u>1,516</u>	<u>(1,749)</u>	<u>(233)</u>
Transfers between funds		<u>1,881</u>	<u>(1,881)</u>	<u>-</u>	<u>408</u>	<u>(408)</u>	<u>-</u>
Other recognised gains							
Gains on revaluation of fixed assets		777	5,640	6,417	4,373	21,154	25,527
Net movement in funds		<u>4,474</u>	<u>13,141</u>	<u>17,615</u>	<u>6,297</u>	<u>18,997</u>	<u>25,294</u>
Reconciliation of funds:							
Total fund balances brought forward at 1 April 2016		36,438	194,259	230,697	30,141	175,262	205,403
Total fund balances carried forward at 31 March 2017	18	<u>40,912</u>	<u>207,400</u>	<u>248,312</u>	<u>36,438</u>	<u>194,259</u>	<u>230,697</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 66 to 84 form part of these accounts

IMPERIAL WAR MUSEUM ACCOUNT 2016-17

Consolidated and IWM Balance Sheets as at 31 March 2017

	Notes	Consolidated		IWM	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Fixed assets					
Intangible assets	7a	545	-	545	-
Tangible assets	7b	230,161	226,163	230,161	226,163
Heritage assets	8	6,302	5,884	6,302	5,884
Investments	13	-	-	600	600
		<u>237,008</u>	<u>232,047</u>	<u>237,608</u>	<u>232,647</u>
Current assets					
Stock	9	563	730	-	-
Debtors	10	9,038	4,825	8,508	4,666
Cash at bank and in hand	11	16,109	11,786	15,930	11,670
		<u>25,710</u>	<u>17,341</u>	<u>24,438</u>	<u>16,336</u>
Current liabilities					
Creditors: amounts falling due within one year	12a	(5,819)	(8,477)	(5,157)	(8,082)
Short term Loan	12e	(1,417)	(1,417)	(1,417)	(1,417)
		<u>(7,236)</u>	<u>(9,894)</u>	<u>(6,574)</u>	<u>(9,499)</u>
Net current assets		18,474	7,447	17,864	6,837
Total assets less current liabilities					
		255,482	239,494	255,472	239,484
Current liabilities					
Creditors: amounts falling due after more than one year	12b	(5,744)	(5,954)	(5,744)	(5,954)
Long term Loan	12e	(1,416)	(2,833)	(1,416)	(2,833)
		<u>(7,160)</u>	<u>(8,787)</u>	<u>(7,160)</u>	<u>(8,787)</u>
Net assets		248,322	230,707	248,312	230,697
Represented by:					
Restricted funds					
Restricted funds	18	139,138	129,277	138,790	128,875
Restricted funds buildings revaluation		68,610	65,384	68,610	65,384
		<u>207,748</u>	<u>194,661</u>	<u>207,400</u>	<u>194,259</u>
Unrestricted funds:					
Designated funds	18	22,831	23,551	22,864	23,583
Designated funds buildings revaluation		15,212	14,556	15,212	14,556
		<u>38,043</u>	<u>38,107</u>	<u>38,076</u>	<u>38,139</u>
General funds	18	6,899	2,204	7,204	2,564
Finance Lease Reserve		(4,368)	(4,265)	(4,368)	(4,265)
		<u>2,531</u>	<u>(2,061)</u>	<u>2,836</u>	<u>(1,701)</u>
Total funds		248,322	230,707	248,312	230,697

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 5 July 2017

The notes on pages 66 to 84 form part of these accounts

IMPERIAL WAR MUSEUM ACCOUNT 2016-17

Consolidated statement of cash flows for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	20a	12,067	8,560
Cash flows from investing activities:			
Interest received	3	31	42
Purchase of tangible fixed assets		(5,831)	(4,253)
Net cash (used in) investing activities		(5,800)	(4,211)
Cash flows from financing activities:			
Interest element of Loan payments		(26)	(44)
Interest element of finance lease rental payments		(336)	(363)
Repayment of Capital element of finance lease rental		(165)	(244)
Cash (outflows)/inflows from long term Loans		(1,417)	2,250
Net cash provided by financing activities		(1,944)	1,599
Change in cash and cash equivalents in the reporting period			
	20b	4,323	5,948
Cash and cash equivalents at the beginning of the reporting period	20c	11,786	5,838
Cash and cash equivalents at the end of the reporting period	11	16,109	11,786

The notes on pages 66 to 84 form part of these accounts

Notes to the Financial Statements**1 Accounting Policies****(a) Basis of accounting**

The financial statements are prepared in accordance with the Accounts Direction given by the Secretary of State for Culture, Media and Sport, with the approval of HM Treasury. The accounts comply with the requirements of the Financial Reporting Standard 102, Statement of Recommended Practice "Accounting and Reporting by Charities ", the Treasury's Financial Reporting Manual (FR&M), the Charities Act and applicable accounting standards. The particular accounting policies adopted by the Trustees are described below.

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

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

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

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

(b) Funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of IWM. Some unrestricted funds are designated by the Trustees to the funding of long-term objectives of IWM, including initiatives for collections management and conservation, exhibitions replacement and management of the estate.

Restricted funds are funds subject to specific restrictions imposed by donors. Restricted funds and the purpose for which their income may be applied are detailed in note 18.

(c) Income and endowments

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

The following accounting policies are applied to Income:

Grant in Aid from the Department for Culture, Media and Sport

This is shown in the statement of financial activities in the year it is received.

External funds

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

National Lottery income

This is recognised as income when the conditions for its receipt have been met.

Donated objects and services

Items and services of a value above £10,000, given to IWM free of charge are recognised as incoming resources at their estimated market value when receivable. If the items are not capitalised they are expensed.

Investment Income

Investment income is recognised on a receivable basis.

Incoming resources from charitable activities

Admissions are recognised on a receivable basis.

(d) Expenditure***Allocation of costs***

Expenditure is classified under the principal categories of costs of charitable activities and costs of raising funds.

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

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

Costs of raising funds

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

(e) Heritage assets

Purchased heritage assets

All heritage assets that are purchased by IWM, since 2001, above £2,000 are capitalised in the balance sheet. Heritage assets purchased by IWM with a cost of under £2,000 are expensed on the Statement of Financial Activities ("SOFA").

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 10 and 79 years
Buildings - plant and machinery	- between 5 and 35 years
Buildings - fit-out	- between 3 and 41 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.

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. A summary of the income and expenditure account is provided in note 13.

2a Grant in Aid

£32,136K of Grant-in-Aid (from the Department for Culture, Media and Sport) has been received during the year (2015-16 £23,870K). This represents 57% 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. £8,102K of the Grant-in-Aid was restricted for refurbishment and renewals of buildings, plant and equipment and the digitisation programme, £4,273K for 14-18 NOW (the Cultural Programme for the Centenary of the First World War), £2,000K to support learning activities and their development and £175K for the War Memorials Archive.

2b Donations and legacies	2017	2016
	£'000	£'000
Grants and donations	11,791	6,430
Sponsorship	395	543
Legacies	1	10
	<u>12,187</u>	<u>6,983</u>

The total of £12,187K is split between the IWM (£11,782K) and the Imperial War Museum Trading Company (£405K).

3 Investment income	2017	2016
	£'000	£'000
Interest receivable	31	42
	<u>31</u>	<u>42</u>

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

The interest is split between the IWM (£28K) and the Imperial War Museum Trading Company (£3K).

4 Net income/(expenditure)	2017 £'000	2016 £'000
Net income/(expenditure) before transfers of £11,198K, (2015-16 £(232)K) are stated after charging:		
Auditors remuneration	39	41
National Audit Office - IWM consolidated accounts	13	13
Kingston Smith LLP - Imperial War Museum Trading Company	1	-
Kingston Smith LLP - additional fee for prior year	4	3
Other Services - Kingston Smith LLP, Preparation of Corporation Tax Return and attending Audit committee meetings in relation to Imperial War Museum Trading Company		
Hire purchase on equipment	63	41
Operating leases - equipment	117	133
Operating leases - Land and buildings	258	256
Interest payable on finance lease	336	363
Depreciation of owned assets	7,496	6,952
Depreciation of assets held under finance leases	184	166
Provision/ (release of provision) for bad debts	-	(3)

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

5 Total expenditure	Staff costs £'000	Other costs £'000	Depreciation and Impairment £'000	2017 Total £'000	2016 Total £'000
Raising Funds					
Fundraising and publicity	1,461	2,193	32	3,686	2,856
Commercial costs	3,199	3,139	9	6,347	6,083
	4,660	5,332	41	10,033	8,939
Charitable activities					
Education, exhibitions and visitor services	7,626	12,859	1,862	22,347	23,346
Building care & preservation	444	8,132	5,546	14,122	13,450
Collections management and conservation	6,381	1,857	231	8,469	7,114
Other grants	-	1,120	-	1,120	3,467
Purchases for the collection	-	36	-	36	95
	14,451	24,004	7,639	46,094	47,472
<i>Total resources expended</i>	19,111	29,336	7,680	56,127	56,411

Resources expended are shown after eliminations on consolidation of transactions between IWM and the Imperial War Museum Trading Company of £6,507K (2015-16 £8,018K).

5a Division of direct and indirect expenditure	Direct costs £'000	Allocated support costs £'000	2017 Total £'000	2016 Total £'000
Raising funds				
Fundraising and publicity	3,063	623	3,686	2,856
Commercial costs	6,347	-	6,347	6,083
	9,410	623	10,033	8,939
Charitable activities				
Education, exhibitions and visitor services	14,106	8,241	22,347	23,346
Building care and preservation	13,687	435	14,122	13,450
Collections management and conservation	5,540	2,929	8,469	7,114
Other grants (Note 14)	1,120	-	1,120	3,467
Purchases for the collection	36	-	36	95
	34,489	11,605	46,094	47,472
<i>Total resources expended</i>	43,899	12,228	56,127	56,411

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.

5b Allocation of support	Directorate & office services £'000	Human resources £'000	Finance and planning £'000	IT and commun- ication £'000	Subtotal 2017 £'000
Raising funds					
Fundraising and publicity	24	34	50	121	229
Commercial	-	-	-	-	-
	<u>24</u>	<u>34</u>	<u>50</u>	<u>121</u>	<u>229</u>
Charitable activities					
Education, exhibitions and visitor services	127	177	486	808	1,598
Building care and preservation	5	7	11	27	50
Collections management and conservation	116	161	234	570	1,081
	<u>248</u>	<u>345</u>	<u>731</u>	<u>1,405</u>	<u>2,729</u>
	<u>272</u>	<u>379</u>	<u>781</u>	<u>1,526</u>	<u>2,958</u>
		Facilities management £'000	Depreciation £'000	Support salary costs £'000	Allocated Support costs Total 2017 £'000
Allocation of support					
Raising funds					
Fundraising and publicity		-	32	362	623
Commercial		-	-	-	-
		<u>-</u>	<u>32</u>	<u>362</u>	<u>623</u>
Charitable activities					
Education, exhibitions and visitor services		4,627	165	1,851	8,241
Building care and preservation		293	12	80	435
Collections management and conservation		-	159	1,689	2,929
Purchases for the collection		-	-	-	-
		<u>4,920</u>	<u>336</u>	<u>3,620</u>	<u>11,605</u>
		<u>4,920</u>	<u>368</u>	<u>3,982</u>	<u>12,228</u>

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

6 Staff costs	2017 £'000	2016 £'000
Salaries and wages	13,902	13,612
Temporary / agency staff	229	173
National Insurance	1,409	1,005
Superannuation	2,768	2,564
Early retirement and early exit costs	803	279
	<u>19,111</u>	<u>17,633</u>

In addition £363K (including £53K for Superannuation) of staff costs relating to staff working exclusively on capital projects was capitalised in 2016-17 (2015-16 £55K).

Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. IWM is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2016-17, employers' contributions of £2,709,275 were payable to the PCSPS (2015-16 £2,469,653) 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 2016-17 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 **£112K** 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 **£9K**. 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 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during the period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is 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

Number of employees

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

	2017	2016
	No	No
£60,001 - £70,000	3	1
£70,001 - £80,000	4	5
£80,001 - £90,000	2	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	-
£110,001 - £120,000	2	1
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	1
£160,000 - £170,000	1	-

The number of staff paid above £60K (2015-16 nil) to whom retirement benefits are accruing under defined contribution schemes is nil and under defined benefit schemes is 14 (2015-16 10).

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

Total remuneration of Managerial staff was £1,621,805 (2015-16, £1,356,150).

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

				2017	2016
	Permanent staff	Temporary Staff	Managerial staff	Total No of staff	Total No of staff
Education, exhibitions and visitor services	158	4	8	170	218
Building care & preservation	7	-	-	7	7
Collections management and conservation	147	1	4	152	137
Trading / Commercial	85	3	1	89	56
Fundraising and publicity	30	2	2	34	32
	427	10	15	452	450

In addition to the above, there was the Full Time Equivalent of 3 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 2016-17. Travel, subsistence and entertainment expenses paid to two Trustees amounted to £1,470 (2015-16 £5,137 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 2016	
Additions	545
Value at 31 March 2017	<u>545</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 2016	29,598	125,580	40,232	21,610	813
Additions	-	-	970	20	3,405
Revaluation	462	3,093	(95)	542	-
Disposals	-	-	-	-	-
Value at 31 March 2017	<u>30,060</u>	<u>128,673</u>	<u>41,107</u>	<u>22,172</u>	<u>4,218</u>
Depreciation at 1 April 2016	-	2,132	1,871	1,299	-
Provided in year	-	2,234	1,826	1,290	-
Depreciation due to revaluation	-	(917)	(862)	(669)	-
Disposals	-	18	-	-	-
Depreciation at 31 March 2017	-	<u>3,467</u>	<u>2,835</u>	<u>1,920</u>	-
Net book value at 31 March 2017	<u>30,060</u>	<u>125,206</u>	<u>38,272</u>	<u>20,252</u>	<u>4,218</u>
Net book value at 1 April 2016	<u>29,598</u>	<u>123,448</u>	<u>38,361</u>	<u>20,311</u>	<u>813</u>

Consolidated tangible fixed assets (continued)	Exhibitions £'000	Equipment £'000	Assets held under finance lease £'000	Total £'000
Cost/valuation at 1 April 2016	32,974	6,951	5,322	263,080
Additions	-	887	-	5,282
Revaluation	-	-	(40)	3,962
Disposals	-	(412)	-	(412)
Value at 31 March 2017	<u>32,974</u>	<u>7,426</u>	<u>5,282</u>	<u>271,912</u>
Depreciation at 1 April 2016	23,283	6,330	2,002	36,917
Provided in year	1,598	548	184	7,680
Depreciation due to revaluation	-	-	(7)	(2,455)
Disposals	-	(409)	-	(391)
Depreciation at 31 March 2017	<u>24,881</u>	<u>6,469</u>	<u>2,179</u>	<u>41,751</u>
Net book value at 31 March 2017	<u>8,093</u>	<u>957</u>	<u>3,103</u>	<u>230,161</u>
Net book value at 1 April 2016	<u>9,691</u>	<u>621</u>	<u>3,320</u>	<u>226,163</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.

The IWM North was revalued on 31 March 2017, IWM Duxford was revalued on 31 March 2016 and IWM London was revalued on 31 March 2015, all other sites were revalued on 31 March 2013 by external professional valuers Gerald Eve, in accordance with the Royal Institute of Chartered Surveyors guidance notes.

All tangible fixed assets are used for charitable activities.

In accordance with Financial Reporting Standard 102 - Section 17, *Property, Plant and Equipment*, buildings are split between structure, plant and machinery and fit-out. Each of the major components has substantially different economic lives.

7b Consolidated tangible fixed assets (continued)

Property	Title	Net book value	Net book value	Basis of valuation
		at 1 April 2016 £'000	at 31 March 2017 £'000	
IWM London, Lambeth Road, London SE1 including Gate Lodge, Lambeth Road, London SE1	Long leasehold Freehold	93,793	90,457	Depreciated replacement cost Depreciated replacement cost
All Saints Annexe, Austral Street, London SE11	Freehold	3,734	3,679	Existing use
Duxford Airfield, Cambridgeshire	Freehold	77,186	80,611	Depreciated replacement cost
Ickleton Film Store, Cambridgeshire	Long Leasehold	4,077	4,189	Depreciated replacement cost
IWM North, Manchester	Long Leasehold	27,828	29,869	Depreciated replacement cost
HMS Belfast, London SE1	Long Leasehold	3,234	3,156	Existing use
Churchill War Museum, London SW1	Long Leasehold	5,189	4,935	Depreciated replacement cost

8a Heritage assets	Acquisition	Donated	Total
	at historic costs £'000	assets at valuation £'000	£'000
Cost/valuation at 1 April 2016	4,468	1,416	5,884
Additions	4	414	418
Disposals	-	-	-
Value at 31 March 2017	4,472	1,830	6,302

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 2016-17 were valued at £414K comprising assets and equipment capitalised in the IWM's Balance Sheet (2015-16 £262K). 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

	2016-17	2015-16	2014-15	2013-14	2012-13
	£'000	£'000	£'000	£'000	£'000
Additions	4	1,213	88	44	28
Purchases	4	1,213	88	44	28
Donations	414	262	502	11	15
Total additions	418	1,475	590	55	43

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
Art: IWM holds more works of modern British art than any museum other than the Tate. The core is paintings, prints and drawings commissioned or purchased during the First and Second World Wars, added to by the acquisition of both historical and contemporary works of art. The collection includes almost 20,000 international posters and smaller numbers of sculptures, cartoons and camouflage designs.	93,216 items
Documents and sound recordings: 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 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.	25,723 document collections 34,092 sound recordings
Objects: 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 Belfast is included as a heritage asset and is subject to ongoing conservation assessment and treatment.	155,000 items
Film: IWM is believed to be the longest established national film archive, and now holds in excess of 23,000 hours of cine film, video tape and digital footage. IWM is the official repository for relevant film under the terms of the Public Records Act 1958.	191,489 film elements
Photographs: 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.	18,463 photograph collections
Library: The heritage assets include maps, proclamations and rare books.	105,983 items
Library: The reference collection includes at least 150,000 books as well as significant reference collections of pamphlets and periodicals.	Over 215,000 items

Changes to the figures since last year

Category	15-16 figures	16-17 figures	Reason for change
Artworks	93,088	93,216	Reflects acquisitions in year
Documents & sound recordings	30,000 collections 33,700 recordings	25,723 34,092	There have been no document disposals; as we have now completed the inventory of this area we now have an accurate figure instead of previous estimates. Increase in our sound holdings as we continue to acquire new items.
Objects	155,000 items Vehicles etc 369 items	155,000	No change; this number includes the estimated number of objects (as documentation backlogs still exist), and the vehicles, aircraft and aero engines.
Film	194,846	191,489	Reflects continued disposal (of duplicate elements), and some acquisition.
Photographs	18,427 collections	18,463	Reflects ongoing acquisitions
Library: Heritage Assets	105,983	105,983	No change to these estimated figures. The figures will continue to be estimated until all documentation projects are completed and a full inventory is created.
Library: reference collection	over 215,000 items	over 215,000	The exit of duplicate or out of remit books and printed material has continued in year, balanced by limited acquisition. Documentation of this material is ongoing so figures remain estimated.

In the year 2016-17 we restructured curatorial areas of responsibility, and in 2017-18 we will complete our inventory projects.

8d Collections Development Policy

IWM records and interprets all relevant aspects of modern war, and of the individual's experience of war and wartime life, whether allied or enemy, service or civilian, military or political, social or cultural. In order to explain the causes of the First World War onwards, IWM collects from 1900 to the present day. IWM delivers its mission through the acquisition, public access and interpretation of, and 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.

8d Collections Development Policy (continued)

The Board of Trustees will ensure that the disposal process is carried out openly and with transparency. By definition, IWM has a long-term purpose and holds collections in trust for society in relation to its stated objectives. The Board of Trustees therefore accepts the principle that sound curatorial reasons for disposal must be established before consideration is given to the disposal of any items in IWM's collections.

IWM will confirm that it is legally free to dispose of an item and agreements on disposal made with donors, depositors and transferors will be taken into account. When disposal of an object is being considered, IWM will establish if it was acquired with the aid of an external funding organisation. In such cases, any conditions attached to the original grant will be followed.

A decision to dispose of a specimen or object, whether by gift, exchange, sale or destruction, will be the responsibility of the IWM Board of Trustees acting on the advice of the Collections Development Committee and not of any archivist, collections manager, curator, or librarian acting alone.

8e Collections management policies and procedures

IWM delivers its mission through the acquisition, public access and interpretation of, and delivering public access to, our diverse holdings of art, material culture and artefacts, archives of documents, film, video, photographs and sound recordings, and a library with reference materials and publications. The collections are defined as the total body of culturally significant items held by IWM.

The Department of Collections Management is actively responsible for policy, procedure, strategy and its implementation through training (ensuring competency in staff that undertake collection management tasks) and monitoring (ensuring that competency in all staff is maintained), of all museum staff and collection users.

Documentation

IWM is committed to the protection of vital records and information about the collections. Paper records are archived in line with the *Code of Practice on Archives for Museums and Galleries in the United Kingdom (3rd ed., 2002)*. Electronic collection records and digital collections are maintained by IWM's ICT department. All electronic data is replicated to a back-up server on a daily basis. In order to safeguard IWM's electronic collection information, the collections management system is backed up every two hours.

All policies and procedures relating to the management of collections information are fully compliant with the *Spectrum* standard for Collections Management and have been comprehensively reviewed and revised in 2015.

IWM is committed to developing and maintaining a centralised and accessible collections management system in support of information retrieval. A software database is employed in this respect. A Digital Asset Management System (DAMS) is employed to consolidate and manage IWM's digital assets within centralised digital storage. The DAMS is integrated with the collection management system, ensuring a consolidated and accessible collection information resource.

Access

IWM is committed to the provision of access to physical collections and collections information to all potential users, and to balancing sustainable collection care with collection access and use.

Collection care

Collections care priorities are determined through a risk management approach and in accordance with corporate priorities: balancing programmes for long-term care (as determined by collection surveys and risk analysis) with collection access and use (through exhibitions and loan programs and the overall public offer). IWM's approach to the management of its heritage assets is determined by its experienced and professional staff, guided by legislation, best practice and international conventions.

Legislation

Imperial War Museum Act, 1920
Imperial War Museum Act, 1955
Museums and Galleries Act, 1992
Public Records Act, 1958, amended 1967
Data Protection Act, 1998
Freedom of Information Act, 2000
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, Environment Agency, 1999
Human Tissue Act, 2004
Firearms Act, Home Office 1968, and Firearms Security Handbook 2005
The Control of Asbestos Regulations, HSE UK 2010
Misuse of Drugs Regulations, Home Office 2001 and later revisions
Manufacture and Storage of Explosives Act, Home Office 2005
Joint Service Publication (JSP) 482 - Ministry of Defence Explosives Regulations
ADR, European Agreement concerning the International Carriage of Dangerous Goods by Road, 2013
Registration, Evaluation, Authorisation & restriction of Chemicals (REACH), 2007
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, UNESCO, First Protocol 1954 and Second Protocol 1999
 Convention for the Safeguarding of the Intangible Cultural Heritage, UNESCO, 2003
 Convention on International Trade in Endangered Species of Wild Fauna and Flora, CITES, 1973
 Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property, UNESCO, 1970
 Convention on the Protection of the Underwater Cultural Heritage, UNESCO, 2001
 UNIDROIT Convention on Stolen and Illegally Exported Cultural Objects, UNIDROIT, 1995

National standards and guidelines

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
 PD 5454:2012 Guide for the storage and exhibition of archival materials
 Government Indemnity Scheme Guidelines for national institutions, Arts Council England, 2016
 Disposal Toolkit, Museums Association (2008)
 SPECTRUM: The UK Museum Documentation Standard, Collections Trust (4.0, 2011)
 Code of Practice on Archives for Museums and Galleries in the United Kingdom, 2002
 Benchmarks in Collections Care for Museums, Archive and Libraries checklist; Museums, Libraries and Archives Council, 2011
 UK Institute of Conservation's Professional Guidelines and Code of Ethics, 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
 IPR 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 a cost-effective solution.

Expertise	IWM employs specialist curators, archivists and librarians but they are neither professionally trained nor widely experienced in providing valuations. Expertise is not available equally for all elements of the collections; significant collections do not have specialist curators.
Logistics	The collections are displayed and stored across IWM's five branches, loan venues and external storage locations, adding travel time to valuations.
Market value	IWM's collections contain much that is unique and for which no market price could be ascertained. Market values, where ascertainable, are subject to trends around anniversaries, such that all First World War items (a significant subset of IWM's holdings) will appear at inflated prices in the years of the centenary. We see similar patterns around items relating to anniversaries of significant events and individuals.
Ownership	Parts of the collections within the Film and Photograph sections, as well as Documents and Sound, are deposited under the Public Records Act and therefore not 'owned' by IWM. The practicalities of valuing this material would need to be established.
Digital	The collections include a growing proportion of digital material (primarily film and photographs). The extent to which these would be classed as heritage assets, given the definition's inclusion of the term 'tangible', must be determined.

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

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 the completion of backlog inventory tasks will ensure that the collections are fully documented and assessed for significance. After this point, IWM would be in a far more robust position to begin a valuation programme if it was determined that delivered a public benefit.

9 Stock

Stock consists of retail goods and IWM Publications

	Group 2017 £'000	Group 2016 £'000	IWM 2017 £'000	IWM 2016 £'000
10a Debtors				
Amounts falling due within one year				
Trade debtors	815	1,640	121	173
Other debtors	146	85	146	85
Amount owed by Imperial War Museum Trading Company Ltd	-	-	135	1,203
VAT debtor	624	724	872	1,053
Prepayments and accrued Income	3,067	2,385	2,840	2,153
Provision for bad debts	(9)	(9)	(1)	(1)
Total debtors falling due within one year	<u>4,643</u>	<u>4,825</u>	<u>4,113</u>	<u>4,666</u>
Amounts falling due after more than one year				
Accrued Income	4,395	-	4,395	-
Total Debtors	<u>9,038</u>	<u>4,825</u>	<u>8,508</u>	<u>4,666</u>

Group - Accrued Income includes £1,250K from the Arts Council England, £5M from the Pears Foundation.

	Group 2017 £'000	Group 2016 £'000	IWM 2017 £'000	IWM 2016 £'000
10b Intra-Government debtor balances				
Balances with other central government bodies	2,249	1,021	2,483	1,339
Balances with local authorities	-	2	-	-
Balances with public corporations and trading funds	-	8	-	-
Balances with bodies external to government	6,789	3,794	6,025	3,327
Total debtors	<u>9,038</u>	<u>4,825</u>	<u>8,508</u>	<u>4,666</u>

11 Cash at bank and in hand

	2017 Total £'000	2016 Total £'000
Imperial War Museum	15,930	11,670
Imperial War Museum Trading Company Limited	179	116
	<u>16,109</u>	<u>11,786</u>

12a Creditors	Group 2017 £'000	Group 2016 £'000	IWM 2017 £'000	IWM 2016 £'000
Amounts falling due within one year				
Trade creditors	950	828	907	794
Other creditors	690	630	690	630
Amounts owing to the Imperial War Museum Production Film Company	-	-	-	9
Obligations under finance lease	176	165	176	165
Accruals and deferred income	4,003	6,854	3,384	6,484
Total creditors falling due within one year	<u>5,819</u>	<u>8,477</u>	<u>5,157</u>	<u>8,082</u>
12b Amounts falling due after more than one year				
Obligations under finance lease	4,997	5,173	4,997	5,173
Deferred income	747	781	747	781
Total creditors falling due after more than one year	<u>5,744</u>	<u>5,954</u>	<u>5,744</u>	<u>5,954</u>
Total creditors	<u>11,563</u>	<u>14,431</u>	<u>10,901</u>	<u>14,036</u>

Included in deferred income is £747K 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 2017 Total £'000	Restated Group 2016 Total £'000	IWM 2017 Total £'000	Restated IWM 2016 Total £'000
Balances with other central government bodies	660	658	660	658
Balances with local authorities	-	243	-	243
Balances with public corporations and trading funds	-	3	-	3
Balances with bodies external to government	10,903	13,527	10,241	13,132
Total creditors	<u>11,563</u>	<u>14,431</u>	<u>10,901</u>	<u>14,036</u>

12d Obligations under finance leases

At 31 March 2017 IWM had commitments under finance leases as set out below:

	2017 Exhibitions £'000	2017 Total £'000	2016 Total £'000
Finance lease obligations: payments due			
Within one year	176	176	165
in the second to fifth year	1,019	1,019	916
in more than five years	3,978	3,978	4,257
	<u>5,173</u>	<u>5,173</u>	<u>5,338</u>

12e Loans	Group 2017 £'000	Group 2016 £'000	IWM 2017 £'000	IWM 2016 £'000
Amounts falling due within one year				
Short term loan	1,417	1,417	1,417	1,417
Amounts falling due after more than one year				
Long term loan	1,416	2,833	1,416	2,833
	<u>2,833</u>	<u>4,250</u>	<u>2,833</u>	<u>4,250</u>

The Museum received two loans from Department for Culture, Media and Sport £2,000K in July 2014 and £500K in April 2015 for the IWM London Regeneration project and £1,750K in April 2015 for the Change Programme. The loan agreement shows repayments being made in three equal instalments from April 2016 to April 2018. Interest is being charged at a rate of 1.3% and 0.68%

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.

	2017 £'000	2016 £'000
Profit and loss account		
Turnover	11,010	12,074
Cost of goods sold	(7,486)	(7,258)
Gross profit	3,524	4,816
Other operating income	1,605	1,830
	5,129	6,646
Administrative expenses	(1,415)	(1,550)
Operating profit	3,714	5,096
Interest receivable	3	9
Profit	3,717	5,105
Amount paid to IWM under gift-aid	(3,717)	(5,105)
Profit on ordinary activities after gift-aid	-	-

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

Turnover	11,010	12,074
<i>Intercompany transactions</i>	(66)	(52)
Included in trading income per SOFA	8,902	10,018
Included in fees income per SOFA	1,515	1,386
Included in royalties per SOFA	527	618
External funds	1,605	1,830
<i>Intercompany transactions</i>	(1,200)	(1,150)
Included in external funds per SOFA	405	680
Cost of goods sold	7,486	7,258
<i>Intercompany transactions</i>	(63)	(49)
Included in commercial costs (£6,338K) and education (£1,085K) per SOFA	7,423	7,209
Indirect costs	1,415	1,550
<i>Intercompany transactions</i>	(1,415)	(1,550)
	-	-
Interest receivable	3	9
<i>Intercompany transactions</i>	-	-
Included in investment income per SOFA	3	9

	2017 £'000	2016 £'000
Balance sheet		
Current assets	1,655	2,536
Current liabilities	(1,046)	(1,927)
Net assets	609	609
Called up share capital	600	600
Profit and loss account	9	9
Capital and reserves	609	609

The authorised share capital of the Company is 600,000 shares of £1 each.

The future plans of the Company forecast longer term growth.

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

13(b) IWM Film Production Company Limited

The IWM Film Production Company has been dormant during 2016-17.

	2017 £'000	2016 £'000
Profit and loss account		
External funds		42
Administrative expenses		(42)
Operating profit	-	-
<i>Reconciliation of results of the Film Production company to the Consolidated Statement of Financial Activities</i>		
External funds		42
Intercompany transactions		(42)
	-	-
Indirect costs		42
Intercompany transactions		(42)
	-	-
	2017 £'000	2016 £'000
Balance sheet		
Current assets		9
Current liabilities		(9)
Creditors: amounts falling due after more than one year	-	-
Net assets	-	-
Called up share capital	-	-
Profit and loss account	-	-
Capital and reserves	-	-

14 Other grants

14 -18 NOW WW1 Centenary Art Commissions, is an independent programme hosted within Imperial War Museums and receives public funding from the National Lottery and Arts Council England, during the year 14 -18 NOW paid out co-commission grants of £1,120K.(2015-16 £467K)

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 £3,838K,(2015-16 £2,319K) and outstanding capital commitments contracted but not provided of £1,086K, (2015-16 £479K).

16a Commitments under operating leases

At 31 March 2017 IWM had annual commitments under non cancellable operating leases as set out below:

	2017 Land and other buildings £'000	2016 Land and other buildings £'000	2017 Equipment £'000	2016 Equipment £'000
Operating leases which expire:				
Within one year	88	89	-	33
In the second to fifth years inclusive	-	-	101	-
Over five years	170	170	-	77
	<u>258</u>	<u>259</u>	<u>101</u>	<u>110</u>

16b Commitments under hire agreements

At 31 March 2017 IWM had annual commitments under non cancellable hire agreements as set out below:

	2017 Equipment £'000	2016 Equipment £'000
Hire agreements which expire:		
Within one year	1	7
In the second to fifth years inclusive	62	56
Over five years	-	-
	<u>63</u>	<u>63</u>

17 Contingent liabilities

There are no contingent liabilities

	At 1 April 2016 £'000	Income £'000	Expenditure £'000	Revaluations/ capital restructure £'000	Transfers £'000	At 31 March 2017 £'000
18 Consolidated statement of funds						
Unrestricted funds						
<i>Designated funds:</i>						
Buildings, collections, equipment and exhibitions	23,551	141	(861)	-	-	22,831
Buildings revaluations	14,556	-	(121)	777	-	15,212
Total designated funds	38,107	141	(982)	777	-	38,043
General funds	2,195	39,496	(38,320)	-	3,519	6,890
Finance lease reserve	(4,265)	-	(103)	-	-	(4,368)
IWM Trading Company reserve	9	-	-	-	-	9
	(2,061)	39,496	(38,423)	-	3,519	2,531
Total unrestricted funds	36,046	39,637	(39,405)	777	3,519	40,574
Restricted funds						
Buildings, collections, donated objects equipment and exhibitions	125,236	13,406	(4,182)	-	(7,208)	127,252
Buildings revaluations	65,384	-	(2,414)	5,640	-	68,610
Tied funds	4,041	14,282	(10,126)	-	3,689	11,886
Total restricted funds	194,661	27,688	(16,722)	5,640	(3,519)	207,748
Total funds	230,707	67,325	(56,127)	6,417	-	248,322

The Tied funds (£11,886K) comprise funds donated for the application to specific projects. These include Transforming IWM London (£5M); 14-18 NOW (£4,582K); the AirSpace at IWM Duxford (£313K); the VCGC Gallery at IWM London (£173K) and the Holocaust exhibition at IWM London (£228K).

Funds of £1,304K have been transferred from Restricted funds to Unrestricted funds to cover eliminations on consolidation of transactions.

Funds of £2,234K have been transferred from buildings, collections, donated objects equipment and exhibitions to General funds to cover £2,234K 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 £5M have been transferred from buildings, collections, donated objects equipment and exhibitions to Tied funds for future capital projects.

Funds of £26K have been transferred from Tied funds to buildings, collections, donated objects equipment and exhibitions to cover Equipment.

The Unrestricted buildings, collections, equipment and exhibitions funds of £22,831K, the Buildings revaluation of £15,212K, the Restricted buildings, collections, donated objects, equipment and exhibitions funds of £127,252K, the Buildings revaluation of £68,610K, together represent the net book value of the tangible fixed assets and heritage assets less the assets held under finance leases £233,905K.

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 £(1,453K); IWM North by £2,457K; IWM Duxford by £5,327K; All Saints by £(71K); HMS Belfast by £(36K); Ickleton by £243K; Churchill War Museum by £(18K) and the finance lease by (£32K).

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000
19 Analysis of group net assets between funds			
Fund balances at 31 March 2017 are represented by:			
Tangible fixed assets	41,146	195,862	237,008
Net current assets	5,841	12,633	18,474
Long-term creditors	(6,413)	(747)	(7,160)
Total net assets	40,574	207,748	248,322

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

	2017 £'000	2016 £'000
Net income/(expenditure) for the reporting period(as per the statement of financial activities)	11,198	(232)
Investment Income	(31)	(42)
Interest element of finance lease rental payments	336	363
Interest element of Loan payments	26	44
Loss on disposal of tangible fixed assets	3	6
Reclassification from capital costs to revenue costs	-	17
Depreciation and impairment charge for the year	7,680	7,118
Decrease/(increase) in stocks	167	(37)
(Increase) in debtors	(4,213)	(1,453)
(Decrease)/ increase in creditors	(3,099)	2,776
Net cash provided by operating activities	12,067	8,560

(b) Analysis of cash flows

Increase in cash in the year	4,323	5,948
Cash flow arising from decrease in finance lease	165	244
Movement in net debt in the year	4,488	6,192
Net funds at 1 April	6,448	256
Net funds at 31 March	10,936	6,448

(c) Changes in net debt/funds

	1 April 2016 £'000	Cash flow £'000	31 March 2017 £'000
Cash at bank and in hand	11,786	4,323	16,109
Finance lease	(5,338)	165	(5,173)
Net funds	6,448	4,488	10,936

21 The role of financial instruments

FRS 29, *Financial Instruments: Disclosure*, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks IWM faces in undertaking its activities.

The following disclosures relate to the whole group.

Credit, liquidity or market Risk

Grant-in-aid from the Department for Culture, Media and Sport comprises 48% 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 £815K of trade debtors - however this risk is not considered significant as major customers are familiar to IWM. Bad and doubtful debts are provided for on an individual basis.

IWM has sufficient unrestricted funds to cover its current liabilities.

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

Interest rate risk

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

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

Interest rate profile	Fixed rate financial assets £'000	Non- interest bearing financial assets £'000
As 31 March 2017		
Sterling	16,088	21
	<u>16,088</u>	<u>21</u>
As 31 March 2016		
Sterling	11,771	15
	<u>11,771</u>	<u>15</u>

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

Foreign currency risk

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

22 Related Party Transactions

The Imperial War Museum is a statutory non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party and during the year the Museum has had various material transactions with the Department. The IWM received grants from the Heritage Lottery Fund (HLF) for which the DCMS is also recognised as the parent body department. None of the Trustee board members, key managerial staff or other related parties has undertaken any material transactions with the Museum during the year. During the year the museum had significant related party transactions with the following bodies:

	Amount Purchased	Amount Sold	Donations / Grants Received	Donations / Grants Given	Year End Balance
	£'000	£'000	£'000	£'000	£'000
American Air Museum in Britain (AAMiB)	-	-	493	-	123
IWM Foundation	-	9	1,900	-	-
IWM Development Trust	-	2	-	-	2
IWM Friends	-	-	65	-	-
Heritage Lottery Fund	-	-	1,302	-	19
Commonwealth War Graves Commission	-	1	-	-	-
Docklands Sinfonia	1	-	-	-	-
Vodafone	1	-	-	-	-
NMDC Member Contributions:					
<i>British Museum</i>	-	16	-	-	-
<i>British Library</i>	-	5	-	-	-
<i>Horniman Museum</i>	-	2	-	-	-
<i>National Maritime Museum</i>	-	6	-	-	-
<i>National Portrait Gallery</i>	-	6	-	-	-
<i>Natural History Museum</i>	-	17	-	-	-
<i>Royal Armouries Museum</i>	-	3	-	-	-
<i>Science Museum</i>	-	16	-	-	-
<i>Tate</i>	-	13	-	-	-
<i>Victoria & Albert Museum</i>	-	16	-	-	-
<i>Wallace Collection</i>	-	1	-	-	-
British Library	6	-	-	-	(8)
British Council	-	-	10	-	10
BBC	15	137	-	-	14
English Heritage	1	-	239	-	239
National Maritime Museum	16	-	-	-	(4)
Science Museum	15	-	-	-	-
Tate	4	-	-	-	-
Arts Council of England	-	-	830	-	-
Arts Council of England (Exchequer)	-	-	1,546	-	1,250

The nature of these related parties is as follows:

Diane Lees, Director General is a Vice President and Air Chief Marshall Sir Stuart Peach is the President of the AAMiB. During the year IWM received donations from the AAMiB.

Diane Lees, Director General, is a member of the council of The Friends of the Imperial War Museum (FIWM). Donations were received from FIWM. The IWM Foundation is charged with raising funds to support the redevelopment of Imperial War Museum's permanent galleries. A grant totalling £1,900,000 was received from the Foundation in 2016-17

Funding of £1,301,860 was received from the DCMS sponsored Heritage Lottery Fund, which funded the Volunteers Wellbeing Project and contributed towards the 14-18 NOW project.

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

Rear Admiral Amjad Hussain, Trustee, has a portfolio of listed shares including Vodafone plc, IWM paid £988 during 2016-17 for telecommunication services to Vodafone.

IWM paid £15,000 to Artichoke during the year, for the "One Million Women" project, IWM Trustee Tim Marlow is a Trustee of Artichoke.

Tim Marlow is also a Director at Cultureshock, and IWM paid £120 to Cultureshock Media Ltd during the year.

Sian Westerman, wife of IWM Trustee, Matthew Westerman, is a Senior Advisor for Rothschild; IWM received £12,000 from Rothschild during the year as a contribution towards the Churchill in the Middle East exhibition at Churchill War Rooms.

NMDC members, contributions totalling £117,860 were received from various Museums sponsored by DCMS.

£10,000 was received from the British Council as a grant towards the cost of the Peter Jackson Film.

£137,089 fees were paid by BBC to IWM for the use of IWM film and licensing agreements, during 2016-17. £14,700 was paid during the year to BBC for hire of the BBC Concert Orchestra. Tanya Hudson, wife of IWM Trustee Tim Marlow, is Executive Producer at the BBC.

Payments totalling £200 for Permissions for Digital Files for use in exhibitions, and £6,351 for digitisation were made to the British Library.

£775 for fees for the organisation and supply of DCP of IWM Film

Payments totalling £1,183 were made to the English Heritage, a DCMS funded body, for fees and adverts.

Payments totalling £15,289 were made to the Science Museum, £15,289 as contributions towards the Inspiring Futures project.

Rental costs of £16,463 were incurred with the DCMS funded National Maritime Museum during 2016/17.

Payments totalling £901 were paid to made to the DCMS funded National Portrait Gallery for reproduction fees.

Payments totalling £3,600 were paid to the DCMS funded Tate for the 14-18NOW Susan Phillipsz commission at Tate

Payments totalling £180 for a licence fee for an exhibition was made to Victoria & Albert Museum.

Image Sales and Licensing Fees were received by the IWM Trading Company from the National Portrait Gallery totalling £33 during 2016-17.

Image Sales and Licensing Fees were received were received from The Commonwealth War Graves Commission. The right Honorable Sir Jerry Matepatee, High Commissioner for New Zealand and Her Excellency Mrs Jance Charette High Commissiner of Canada are both trustees of the Commonwealth War Graves Committee.

22 Related Party Transactions (continued)

Lord Ashcroft, former IWM Trustee and a Director and Chairman of the IWM Trading Company Limited, is an investment partner in a joint venture with International Entertainment Consulting Pty Ltd ("IEC") and Nine Entertainment Co Holdings Limited to arrange an international touring exhibition programme for the benefit of IWM. IWM has a direct relationship with IEC and during 2015-16 the IWM Trading Company Limited had transactions with IEC. At the year end the £216,506 debtor which was owed to the IWM Trading Company Limited was written off. £830,000 was received from the Arts Council of England, a DCMS funded organisation. £1,545,700 was received from the Arts Council of England Exchequer Fund, a DCMS funded organisation.

23 Losses, special payments and gifts.

Costs falling into the category of losses, special payments and gifts were below the level of £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.

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