

Imperial War Museum Trading Company Limited

Annual Report and Financial Statements
31st March 2011

Company Registration Number
3719634 (England and Wales)

Directors Tom Wright CBE (Chairman)
Lord Black of Brentwood
Keith Cameron
Jon Card ACA
Diane Lees
Catharine Pusey

Secretary Jon Card ACA

Registered office Imperial War Museum
Lambeth Road
London
SE1 6HZ

Registered number 3719634 (England and Wales)

Auditors Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers National Westminster Bank plc
PO Box 7929
91 Westminster Bridge Road
London
SE1 7HW

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Directors' Report for the year ended 31 March 2011

The directors present their report with the financial statements of the company for the year ended 31 March 2011

Incorporation

The company was incorporated on 25 February 1999 and commenced trading on 1 April 1999.

Principal activity

The principal activity of the company in the year under review was the operation of the commercial activities of the Imperial War Museum (IWM), excluding income from branch admissions. These activities included retailing, catering, corporate hospitality, learning, temporary charging exhibitions and special events such as air shows at IWM Duxford.

Review of business

The overall profit payable to the Imperial War Museum was up 18% on the previous year. This is a significant achievement given the challenging economic circumstances and the exceptionally bad weather in December. The 2010 Air Show season has been particularly successful up 27% on the previous year. Retail revenue was a new record, once again exceeding £4million. Public Catering Commissions and Corporate Hospitality income matched last year's good performances.

The *Terrible Trenches* exhibition, which closed in October at IWM London, has been a great success exceeding its target by 69%. The second charging exhibition at IWM London, the *Real Ministry of Food*, closed in January and exceeded its target by 7%.

Future developments

The 2011/12 financial year will see further investment in e-commerce to maximise digital revenue streams in tandem with the launch of a new website. A two year project on the redevelopment of the retail offer at IWM Duxford will commence and the operation of the IWM London events activity will be reviewed.

Gift Aid

The net profit of the company before tax was £3,559,606 (2010: £3,001,411). This makes up all of the gift aid payment of £3,559,606 (2010: £3,001,411) to the Imperial War Museum, an exempt charity and the controlling party to the company.

Risks

The Trading Company directors meet as a board five times a year. They examine performance in detail each time and review the risk register formally on an annual basis. They receive reports from internal audit at each meeting. In looking to the future the major risk for them is the uncertainty in the economic environment currently.

Directors' Report for the year ended 31 March 2011 (continued)

Directors

The directors in office during the year, and at the date of signing these financial statements, were as follows:

Tom Wright CBE (Chairman)
Lord Black of Brentwood
Keith Cameron
Jon Card ACA
Diane Lees
Catharine Pusey (appointed 2 March 2011)
Bill Woodrow (resigned 31 January 2011)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

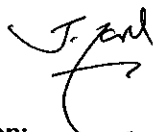
Each of the directors confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Jon Card
Secretary

Approved by the board on:


23 May 2011

Independent auditors' report to the members of the Imperial War Museum Trading Company Limited

We have audited the financial statements of the Imperial War Museum Trading Company Limited for the year ended 31 March 2011 which comprise the Profit and Loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of the Imperial War Museum Trading Company Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Martin Burchmore, Senior Statutory Auditor
For and on behalf of Kingston Smith LLP
Statutory Auditor

Date 30th June 2011

Devonshire House
60 Goswell Road
London
EC1M 7AD

Profit and loss account for the year ended 31 March 2011

	Notes	2011 £	Restated 2010 £
Turnover	1	10,289,060	9,858,516
Cost of sales		<u>(7,158,777)</u>	<u>(7,280,125)</u>
Gross profit		3,130,283	2,578,391
Other operating income		<u>1,771,989</u>	<u>1,710,200</u>
		4,902,272	4,288,591
Administrative expenses		<u>(1,351,489)</u>	<u>(1,294,617)</u>
Operating profit	2	3,550,783	2,993,974
Other interest receivable and similar income		8,824	7,437
Charitable donation to the Imperial War Museum		<u>(3,559,607)</u>	<u>(3,001,411)</u>
Profit on Ordinary Activities before Taxation		-	-
Tax on profit on ordinary activities		-	-
Profit on Ordinary Activities after Taxation		-	-
Retained loss brought forward		<u>(1,990,703)</u>	<u>(1,990,703)</u>
Retained loss carried forward		<u>(1,990,703)</u>	<u>(1,990,703)</u>

All activities in the year were attributable to continuing activities.

There were no recognised gains and losses other than the profit for the year.

Balance Sheet as at 31 March 2011

	Notes	2011 £	2010 £
Current assets			
Stock	3	432,184	511,237
Debtors	4	776,163	655,958
Less provision for bad debts		<u>(9,517)</u>	<u>(14,042)</u>
		1,198,830	641,916
Cash at bank and in hand		<u>438,651</u>	<u>156,274</u>
		<u>1,637,481</u>	<u>1,309,427</u>
Current liabilities			
Creditors: amounts falling due within one year	5	<u>(1,028,184)</u>	<u>(700,130)</u>
Net current assets		<u>609,297</u>	<u>609,297</u>
Net assets		<u>609,297</u>	<u>609,297</u>
Represented by:			
Capital and reserves			
Equity interests:			
Called up share capital	7	2,600,000	2,600,000
Profit and Loss account	8	<u>(1,990,703)</u>	<u>(1,990,703)</u>
Shareholders' funds	9	<u>609,297</u>	<u>609,297</u>

Approved, and authorised for distribution, by the board of Directors on:

23 May 2011

and signed on its behalf by:



Diane Lees
Director

Company Registration Number
3719634 (England and Wales)

Principal accounting policies for the year ended 31 March 2011

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Turnover

Turnover consists of sales of goods at invoiced value excluding VAT.

Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Other operating income

These comprise grants, sponsorship, donations, royalties and fees and are reported gross when receivable, excluding VAT.

Notes to the financial statements

1 Turnover

Turnover and the result before taxation arises solely from the company's principal activity carried out in the UK.

The 2009/10 turnover figure has been restated to include royalties (£760,563) and fees (£856,205) previously shown as other operating income.

	2011	2010
	£	£
2 Operating profit		

This is stated after charging:

Auditors' remuneration :		
Audit services provision - current year	11,350	11,330
Audit services - previous year	650	1,500
Other Services	500	1,000
	<u> </u>	<u> </u>

Operating profit is stated after a salary recharge from the Imperial War Museum of £3,242,300 (2010 : £3,221,401) of which £371,574 (2010: £517,577) is included in cost of sales.

The 2009/10 cost of sales figure has been restated by £4,884,220, which has been transferred from Administrative expenses. Administrative expenses now only includes indirect costs, Rent (£525,581) and service charges (£769,036).

	2011	2010
	£	£
3 Stock		

Goods for resale	<u>432,184</u>	<u>511,237</u>
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	2011	2010
	£	£
4 Debtors		

Trade debtors	495,198	461,460
Prepayments and accrued income	280,965	194,498
	<u>776,163</u>	<u>655,958</u>

Trade debtors include £52,425 (2010: £4,576) due from the Imperial War Museum Development Trust.

	2011	2010
	£	£
5 Creditors		

Amounts falling due within one year

Trade creditors	80,203	71,475
Gift aid donation due to the Imperial War Museum	359,606	102,924
Other amounts owing to the Imperial War Museum	113,110	23,581
Tax & social security creditor	212,105	215,235
Accruals and deferred income	263,160	286,915
	<u>1,028,184</u>	<u>700,130</u>

Notes to the financial statements (continued)

6 Taxation

Due to the gift aid donation of the company's profits to the Museum, no taxable profits remain in the company.

	2011	2010
	£	£
7 Called up share capital		
Authorised 3,500,000 ordinary shares of £1 each	<u>3,500,000</u>	<u>3,500,000</u>
Allotted, called up and fully paid 2,600,000 ordinary shares of £1 each	<u>2,600,000</u>	<u>2,600,000</u>

8 Profit and Loss Account

The negative balance has arisen solely through the advancement of Gift Aid in prior years.

	2011	2010
	£	£
9 Movement in shareholders' funds		
Opening Shareholders' funds at 1 April 2010	609,297	609,297
Profit for the financial year	-	-
Closing shareholders' funds at 31 March 2011	<u>609,297</u>	<u>609,297</u>

10 Controlling party - Imperial War Museum

The directors of the Imperial War Museum Trading Company Limited are appointed by the trustees of the Imperial War Museum, which is regarded as the ultimate parent undertaking and controlling party.

The Imperial War Museum was established by an Act of Parliament in 1920, and is an independent, statutory, corporate, public body with exempt charity status. It is governed by a board of trustees comprising a president and twenty one other trustees, seven of whom are appointed by Commonwealth Governments.

Copies of the consolidated financial statements of the Imperial War Museum are available on the Museum's website.

11 Related party transactions

The financial statements do not disclose the transactions between the company, the Imperial War Museum Development Trust and the Imperial War Museum. As a subsidiary whose shares are 100% controlled by the Museum, which prepares consolidated financial statements, it is exempt from the requirement to disclose such transactions under Financial Reporting Standard 8 "Related Party Disclosures".

The trustees of the Imperial War Museum Development Trust comprise members from the Board of Trustees of the Imperial War Museum.