

Imperial War Museum Trading Company Limited

Annual Report and Financial Statements
31st March 2018

Company Registration Number
03719634 (England and Wales)

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COMPANIES HOUSE

Directors Tamsin Todd (Chair)
Diane Lees
Keith Cameron
Jon Card ACA
Catharine Pusey

Secretary Jon Card ACA

Registered office Imperial War Museum
Lambeth Road
London
SE1 6HZ

Registered number 03719634 (England and Wales)

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

Bankers Barclays Bank plc
Leicester
Leicestershire
LE87 2BB

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 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

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, ticketing for temporary charging exhibitions and special events such as air shows at IWM Duxford.

Review of business

The operating profit is up by over 14% on the previous year. A number of elements have combined to result in this performance:

Air shows – all three airshows have performed well, with September being the highlight of the season with over 38,000 attending meaning it was a near sell out. The full year of Air Shows had 90k visitors which is 29% up on last year.

Corporate events – a strong third and fourth quarter, particularly at IWM London and Churchill War Rooms, with good performances over the key Christmas period.

Public catering – stronger year with good improvements seen at most branches.

Retail – had a very strong year up 12% on last year income with branches performing well.

Private tours – strong on the back of a good performance at the Churchill War Rooms and the introduction of a range of visitor oriented guided tours in London.

Membership – as this is now income for the trading company this will be included moving forward. Income from membership sales for 2017/18 (scheme started on Nov 30th 2017) is £203,518.

Future developments

A new commercial strategy was approved during the year which has established more ambitious targets for the future. Specific areas of growth are the new membership scheme and the impact of e-commerce. Both are allied with the ongoing implementation of system developments as part of the wider IWM digital transformation strategy.

Gift Aid

The net profit of the company before tax was £4,252,272 (2017 £3,716,249). This is donated by gift aid to the IWM an exempt charity and the controlling party to the company.

Risks

The Company directors meet as a board four 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 as appropriate. In looking to the future the major risks for them are delivering the benefits of the commercial strategy, and specifically the Customer Relationship Management Systems developments.

Directors' Report for the year ended 31 March 2018 (continued)

Directors

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

Tamsin Todd, Chair
Diane Lees
Keith Cameron
Jon Card ACA
Catharine Pusey

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 special provisions relating to small companies within part 15 of the Companies Act 2006.

Jon Card
Secretary

Approved by the board on:



5/7/18

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

Opinion

We have audited the financial statements of the Imperial War Museum Trading Limited for the year ended 31 March 2018 which comprise the Profit and Loss Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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; or
- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

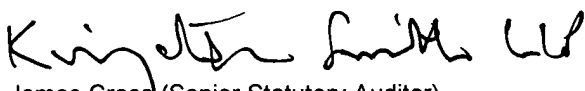
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 auditor's 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.



James Cross (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory



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London
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Profit and loss account for the year ended 31 March 2018

	Notes	2018 £	2017 £
Turnover	1	12,103,656	11,009,649
Cost of sales		<u>(7,725,848)</u>	<u>(7,486,453)</u>
Gross profit		4,377,808	3,523,196
Other operating income		<u>1,367,212</u>	<u>1,604,526</u>
		5,745,020	5,127,722
Administrative expenses		<u>(1,495,531)</u>	<u>(1,414,516)</u>
Operating profit	2	4,249,489	3,713,206
Other interest receivable and similar income		<u>2,783</u>	<u>3,043</u>
Profit on Ordinary Activities before Taxation		4,252,272	3,716,249
Tax on profit on ordinary activities	5	-	-
Total comprehensive income for the year		4,252,272	3,716,249
Statement of income and retained earnings			
Retained profit brought forward		9,297	9,297
Charitable donation to the Imperial War Museum		<u>(4,252,272)</u>	<u>(3,716,249)</u>
Retained profit carried forward		9,297	9,297

All activities in the year were attributable to continuing activities.

Balance Sheet as at 31 March 2018

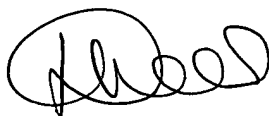
	Notes	2018 £	2017 £
Current assets			
Stock		378,614	563,496
Debtors	3	1,036,201	921,122
Less provision for bad debts		(10,997)	(8,395)
		1,403,818	1,476,223
Cash at bank and in hand		508,800	179,048
		1,912,618	1,655,271
Current liabilities			
Creditors: amounts falling due within one year	4	(1,303,321)	(1,045,974)
Net current assets		609,297	609,297
Net assets		609,297	609,297
Represented by:			
Capital and reserves			
Equity interests:			
Called up share capital	6	600,000	600,000
Profit and Loss account		9,297	9,297
Shareholders' funds		609,297	609,297

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved, and authorised for distribution, by the board of Directors on: 5/7/18

and signed on its behalf by:

Diane Lees
Director



Company Registration Number
03719634 (England and Wales)

Principal accounting policies for the year ended 31 March 2018

Accounting policies

Company information

Imperial War Museum Trading Company is a limited company domiciled and incorporated in England and Wales. The registered office is Imperial War Museum, Lambeth Road, London, SE1 6HZ.

Accounting Convention

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), including Section 1A of FRS 102, The Financial Reporting Standard applicable in the UK and the Republic of Ireland and the requirements of the companies Act 2006.

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 pound.

Turnover

Commercial income, consisting of sales, royalties, fees, rent, commission and ticketing for charging exhibitions is recognised upon performance of services rendered in accordance with the contractual terms.

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, and are reported gross when receivable, excluding VAT.

Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the IWM Trading Company Limited's balance sheet when IWM Trading Company Limited 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.

Cash at bank and in hand

Funds held in cash or in current or call accounts are defined as cash.

Notes to the financial statements

1 Turnover

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

2 Operating profit

2018	2017
£	£

This is stated after charging:

Auditors' remuneration : Audit services provision - current year	13,250	12,980
Audit services - previous year	(187)	417
Other Services	3,925	4,146

Operating profit is stated after a recharge in respect of staff costs from the IWM of £2,858,902 (2017 : £3,120,492).

3 Debtors

2018	2017
£	£

Trade debtors	782,105	693,857
Prepayments and accrued income	254,096	227,265
	<u>1,036,201</u>	<u>921,122</u>

4 Creditors

2018	2017
£	£

Amounts falling due within one year

Trade creditors	54,197	43,427
Other amounts owing to the IWM	161,771	135,386
Tax & social security	348,392	247,751
Accruals and deferred income	738,961	619,410
	<u>1,303,321</u>	<u>1,045,974</u>

5 Taxation

All of the company's profits have been donated by gift aid, to the IWM, under a deed of covenant with the consequence that no taxable profits remain in the company.

Notes to the financial statements (continued)

	2018	2017
	£	£
6 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 600,000 ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>

7 Controlling party - Imperial War Museum

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

The IWM 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 IWM are available on the IWM's website.

8 Related party transactions

The financial statements do not disclose the transactions between the company and the IWM.

As a subsidiary whose shares are 100% controlled by the IWM, which prepares consolidated financial statements, it is exempt from the requirements to disclose such transactions under Financial Reporting Standard 102 Section 33.