

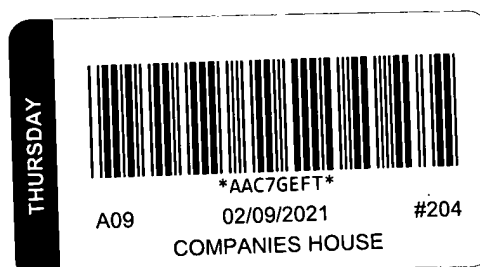
Company Number No: 01820495

Registered charity No: 515866

WATERWORKS MUSEUM - HEREFORD

(A company Limited by Guarantee not having a share capital)

**REPORT OF THE TRUSTEES AND
UNAUDITED ACCOUNTS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2020**



Waterworks Museum - Hereford

Report and unaudited Accounts for the financial year ended 31 December 2020

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Waterworks Museum - Hereford

Trustees' Report for the financial year ended 31 December 2020

The Trustees, six of whom are also Directors for the purposes of the Companies Act 2006, present their annual report with the accounts of the charity for the financial year ended 31 December 2020. The Trustees have adopted the provisions of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Introducing Waterworks Museum - Hereford

Waterworks Museum - Hereford is a company limited by guarantee (number 01820495) and a registered charity (number 515866). The registered office is Waterworks Museum - Hereford, Broomy Hill, Hereford HR4 0LJ.

Established in 1974, the Waterworks Museum is operated as an independent working museum and industrial archaeology preservation society concerned primarily, but not exclusively, with the story of the supply of water for public consumption from the mid-Victorian era to the close of the 20th century. Based in a Grade II* listed building, the Museum is home to the UK's oldest in-situ working triple-expansion steam engine and it has one of the widest ranges of working pumping engines in the UK. These are interpreted by a combination of displays, historic artefacts and ephemera related to potable water.

The Museum's purpose

The Museum's goal is to maintain its status as a specialist museum and a leading tourist attraction that brings industrial heritage to life through working pumping engines and other artefacts and machines. This achieved by being a museum that is:

- family friendly with something for visitors of all ages,
- attractive and accessible (financially, physically, and intellectually) to all groups in society, and
- a valued learning resource for schools, further and higher education and for the lifelong learning of visitors,

and to do this in a way that supports the local community, the regional economy and local tourism priorities.

The Museum's charitable purpose is to promote public education and interest through the display of pumps, engines and other equipment of historical interest connected with the supply of water. The Museum's collections are used in an active education programme, mainly (but not exclusively) for primary school children, using curriculum led materials designed and delivered by experienced teachers currently working in education. The Museum prides itself in offering a hands-on learning experience for all members of the Community, including visitors who need some form of assistance to enjoy their visit to the Museum. Tours are led by volunteers and, as far as practicable, tailored to the needs of individual visitors. The Trustees regard as a unique selling point the knowledge, enthusiasm, and commitment of its volunteers, which is regularly commented upon in feedback.

Status of the Museum

The Museum has Full Accreditation status under The Accreditation Scheme administered by Arts Council England which sets nationally agreed standards for museums in the UK (registration number RD783).

The Museum's Collection

The collection comprises around 4,300 individual items. All are owned by the Museum, save for 26 items on long-term loan. The collections are housed on a single site in the Victorian water pumping station that served the City of Hereford for 120 years, The Tangye House (Leominster's Victorian pumping station, which was moved to the Museum in 2006), the Rotherwas Engine House (built in 2007 to display artefacts saved from dereliction from a World War II bunker and houses a permanent exhibition devoted to Hereford in World War II), or in the Museum's archive room or stores.

The collections comprise artefacts and archives that illustrate the collection, treatment, and supply of water since 1856, but also more broadly over the past two thousand years. On the Museum site there are examples of all types of motive power for water pumping (except animal power), including the oldest in situ working triple expansion steam engine working in Britain.

Visitors to the Waterworks Museum can see historic beam, steam, gas, oil, diesel and combustion engines, many of which are among the last working example of their kind. The collection primarily relates to drinking water supply in Herefordshire, the Marches and Wales, but also includes items from other parts of the UK to represent the development of drinking water supply, which were otherwise likely to be irretrievably lost. In addition, building on its collection of hot-air engines, the Waterworks Museum has gained a reputation as a repository of knowledge for these early devices that produced mechanical work from heat and were essential for raising water for drinking and irrigation.

The Trustees have determined that future expansion of the collection will be directed towards completing aspects of the Museum's historic story. They would like to expand the collection covering the mid to late Victorian period and the early years of the twentieth century - the transitional phase of technological development between beam engines and rotative steam engines, and water industry instrumentation for the latter half of the twentieth century. Also, to protecting the industrial heritage and knowledge of developments in drinking water supply and associated technologies that might otherwise be lost. This includes engines, pumps and associated devices and technologies used in educational establishments in the past for training apprentice water engineers.

Each year the Museum receives both general and technical enquiries about the Museum's collection or from people seeking advice. These are received from within the UK and overseas. Trustees encourage visits from other museums to learn from the skills and experience of Museum Volunteers, who possess often scarce expertise in the restoration, operation and maintenance of steam, hot air, gas, and internal combustion engines.

How the Museum is funded

The Waterworks Museum receives no public funding. It is independently funded by admission fees, grant awards and membership subscriptions, but would not be able to operate at the level that it does without the continued support it receives from two principal benefactors: The Southall Trust and Dŵr Cymru Welsh Water. Further detail of this is provided in the financial statements, which are presented on pages 12 to 17 of this report.

How the Museum is governed and operated

The Museum has no paid staff and is wholly governed, managed and operated by Volunteers. The governing body is the Council of Management, the members of which are charity Trustees. The day-to-day management of the Museum is delegated to a smaller group of Trustees who are elected annually to serve as Directors, and who collectively oversee the activities of the Museum's Volunteers. The Council of Management is appointed by and is accountable to the Members of the Museum, of which there are currently around 180.

The Trustees who were Directors on 31 December 2020, and are Directors at the date of this report, are:

Richard Curtis	Chairman and Company Secretary
Mike Harries	Honorary Treasurer
Fred Snelgrove	Collections Manager
Neil Atkins	(Appointed 01/07/2020)

Subsequent to the financial year end Mike Glover (Joint Chief Engineer) became a Director on 05/02/2021 (having previously been appointed a Trustee on 01/08/2020). Kevin Burrows was appointed, and Derek Duffett stood down, as a Director both with effect from 10/02/2021. Peter Heaton stood down as a Director and Joint Chief Engineer on 30/04/2021.

The other Trustees of the Museum on 31 December 2020 were

* Paul Allen	* Jill Jackson (Vice-Chair)
* Neil Atkins (Appointed 01/01/2020)	* Vicky Martin (representing Dwr Cymru Welsh Water)
* Kathy Burrows (Appointed 01/01/2020)	* Keith Munn
* Kevin Burrows (Appointed 01/08/2020)	* Brian Nelson
* Adrian Eyre	* Brian Pearson
* Colin Hughes	* Graham Prosser
* Derek Duffett (later resigned 08/03/2021)	

Three Trustees stood down in 2020: David Smith (28/06/2020) and Brian Pearson and Alex Rowe (27/07/2020). Since the financial year end, Richard Glasspoole was appointed a Trustee on 08/03/2021. There are currently 18 Trustees (31.12.2020: 18 Trustees). Efforts are being made to recruit to fill two current vacancies in 2021.

Due to the extraordinary circumstances of the Coronavirus Pandemic the Council of Management met on only two occasions in 2020. Prior to the pandemic, Trustees had in addition attended a strategy event in January 2020.

The position of Trustee is a non-remunerated role, although out of pocket expenses are reimbursed at cost.

The Trustees have made the following appointments, which have been renewed for the financial year January to December 2021:

Accreditation Mentor	Katherine Andrew, 59 The Common, Abberley, Worcestershire WR6 6AY
Reporting Accountant	Thorne & Co., 1 St Mary's Street, Ross-on-Wye, Herefordshire HR9 5HT
Bankers	HSBC Bank plc, 35 High Town, Hereford HR1 2AQ
Solicitors	Lambe Corner, 36/37 Bridge Street, Hereford HR4 9DJ

Risk Management

The main business as usual risks managed by the Council of Management are typical of any small, independently funded and wholly volunteer run charity. They principally speak to:

- (a) The sustainability of the resources available to the Museum, both financial (operational budget and grant funding for projects) and non-financial (the succession, time, capacity and skills and experience of the Volunteers, Trustees and Directors who operate the Museum);
- (b) The health, safety, and wellbeing of Volunteers, the visiting public and users of the Museum's services and contractors and others who visit the site, and especially the safeguarding of children and vulnerable adults; and
- (c) Keeping up to date with changing UK laws and regulations and the standards of good practice expected of an accredited museum.

The circumstances of the Coronavirus Pandemic in 2020 led to a fundamental review and restatement of all risk. A statement of risk assessment arising as a result of the pandemic is publicly available on the Museum website.

Trustees are constantly aware of the challenge of managing all of the above risks without the support of paid and professionally qualified museum staff, and the report that follows demonstrates how these risks are being managed.

Key Policies of the Museum

Financial Reserves Policy

Trustees are required to hold general reserves at a level to provide the Museum with adequate financial stability and the means for it to meet its charitable purposes for the foreseeable future. General reserves must therefore be maintained at a level equivalent to not less than 15 months basic operational expenditure. The Trustees have set the reserves policy at this level having regard to the Museum's regular funding streams and nature of its operations (i.e., that the Museum is operated and governed solely by Volunteers and is open to the public as a visitor attraction on a maximum of 70 days a year), which limit the ability of the Museum to expand or grow new income streams. Trustees regularly review the level of general reserves that are required to ensure that they are adequate to fulfil the Museum's continuing obligations.

Risk Management

The Trustees are responsible for ensuring that the Museum has a clear strategy, that it remains true to its vision, and that it complies with all necessary rules and legal obligations. They also ensure that the Museum has the policies, controls and other documents that minimise the risks that the charity may encounter. The Trustees:

- Continuously review the risks the charity may face,
- Establish systems and controls to mitigate the risks identified, and
- Implement policies and procedures designed to minimise any potential impact on the charity should a risk materialise.

Key risks have been previously described on page 3.

Principal policies

ACCESS: The Access Policy describes how Trustees provide the widest possible access to the Museum and its collection, which should be open to everyone regardless of education, income, residence or personal circumstances. The Museum prides itself on being a valued learning resource for schools, being attractive and accessible to all groups in society, and as a family friendly Museum and visitor attraction in every sense.

COLLECTION: The Collections Development Policy describes the principles, processes and the Museum's themes and priorities for the development of the collection; the Care and Conservation Policy sets a framework for the preservation of the collections and buildings in the care of the Museum, the conservation of the collections (preventative and remedial) and the safe use of and access to the collections; and the Collections Documentation Policy ensures that information held about the Museum's collection is as complete, accurate, secure and accessible as reasonably possible.

SAFETY: The Health and Safety Policy describes how the Museum will protect the general safety and wellbeing of visitors, members, Volunteers, contractors and the public, and the Safeguarding Policy describes measures designed to safeguard children and vulnerable people. Through an Equality and Diversity Policy the Museum is committed to eliminating all forms of discrimination, victimisation and harassment, and to promoting equality of opportunity.

OTHER: The Environmental Sustainability Policy covers the natural, built, economic and social environment of the Museum and the Information Management Policy covers the Trustee's commitment to protecting the privacy and the standards individuals can expect the Museum to maintain with regard to any personal information it holds.

Each of the above policies will be reviewed in line with an agreed schedule of review.

TRUSTEES' REPORT

2020 was a year like no other due to the impact of the Coronavirus (Covid-19) pandemic. One to remember – and mostly for all the wrong reasons. But I want to start this report on an optimistic footing because, although the Waterworks Museum may have been closed since 13 March 2020, we have much to look forward to. I base my optimism on the following factors:

Our volunteers pulled together last year in a way that demonstrated why 'community spirit' has been at the core of the Museum's success and growth over the past 20 years. It was brilliant to see volunteer efforts to look out for each other during long periods of lockdown and, for some, isolation.

The ingenuity, commitment, and effort of volunteers who took on responsibility for preparing the Waterworks Museum for re-opening has been tremendous. Not only will the Museum re-open in 2021 in a Covid-19 safe way, but the changes made (and still being made) in response to the pandemic will give the Trustees a platform to deliver an improved visitor experience and, through the adoption of a revised business model, a more sustainable museum in the years ahead.

The enforced closure of the Waterworks Museum provided space for a number of improvements to be made. These included a major update of the Museum's website and the development of a more cohesive approach to using social media to engage with members, volunteers, supporters, and the public. We also renewed the fencing around the meadow car park at the rear of the Museum, which saw the installation of a larger entrance gate to facilitate different uses of that area of land, which we plan to develop for use for outdoor arts and performance.

Our main Benefactors, the Southall Trust and Dŵr Cymru Welsh Water, have supported the Waterworks Museum since it was founded in 1974 but rarely has that support been more valuable than last year. This has meant that the Museum has suffered less badly the long-term financial harm and detriment experienced by so many small charities during the Covid-19 pandemic. The Museum's reserves have been depleted and will take time to replenish - but our foundations remain strong.

Last autumn, we appointed Mike Glover as Joint Chief Engineer and Safety Officer and commenced a search to find a new Joint Chief Engineer to succeed Peter Heaton. The strategic change to a 'joint' role recognised that the responsibilities and time demands of the role had grown significantly over the past 10 years and were too much to expect from a single volunteer. Mike, who was already a trustee, was appointed a director at the same time. Thankfully, Peter Heaton, who will shortly step down as chief engineer after over 20 years in the role, will remain an active volunteer so his vast experience will continue to be of benefit to the Directors.

In March 2020, Jill Phillips kindly agreed to take on additional responsibility as my Vice Chair. There were also changes in the membership of the Council of Management last year and I must especially thank ex-Director Brian Pearson, who stood down as a Trustee in July 2020 after serving for ten years, and Alex Rowe who completed his studies in Hereford and stood down as our first Youth Trustee also in July 2020. Since the financial year end, in February 2021 Derek Duffett (who served for many years as Honorary Treasurer) stood down as both as a Trustee and Director. Each has made a huge contribution to the success of the Waterworks Museum and their experience will be missed around the Trustee table. Since the year end, we have appointed one new Trustee (Richard Glasspoole) and progress had been made to recruit two additional Trustees before the end of 2021.

Richard Curtis
CHAIRMAN

BEFORE THE PANDEMIC

Covid-19 was not the only or even the first challenge the Waterworks Museum faced last year. In February 2020, Hereford experienced the worst event of flooding from the river Wye in over 120 years. The Museum grounds and the basement areas of some of our major exhibits were inundated and flood water entered our Workshop for the second time in less than 12 months. However, flood risk mitigation plans worked well such that when flood water had receded the damage was relatively minor and the cleaning up exercise took only a matter of days effort. Nonetheless, important lessons were learned.

IMPACT OF AND RESPONSE TO THE PANDEMIC

After a successful year in 2019, Trustees had a full programme of events planned for 2020 but this was completely negated when the Museum closed its doors on 13 March 2020 as a result of the Coronavirus (Covid-19) pandemic. Directors took the early decision to close because of the significant number of volunteers and the large proportion of visitors who might be considered particularly vulnerable to Covid-19 infection, and the Museum did not open again to the public in 2020.

The Waterworks Museum has only once before closed for such a long period, in 2003-05, when the Museum's visitor centre was built, and essential repairs were made to its Grade II* Listed Victorian building and chimney. That significant event was the catalyst for the growth of the Museum that we have seen we have over the past 15 years. Trustees believe that the significant changes being made in response to the Covid-19 pandemic will also act to spur the Museum forward into a new period of growth.

During the initial period of the Covid-19 lockdown visits to the Museum site were limited to two volunteers making a weekly safety inspection of the Museum building and site and a fortnightly manual 'turning' of the main engines to prevent them seizing up and suffering avoidable harm. In this period Directors prioritised maintaining regular contact with the Museum's community of volunteers and finding new ways to engage with past and future visitors and improve remote access to the collections.

This started with a revamp of the Museum website (www.waterworksmuseum.org.uk) and included an active programme of social media engagement and online events. This included a virtual Steampunk Festival which reached some 15,000 people over two days at the end of April 2020. A series of weekly #WaterworksCovid Treats, short video clips of engines and pumps in action and unusual images of the Museum's collection, also proved to be extremely popular.

When the national lockdown was eased, and after the Museum had been thoroughly cleansed and essential PPE (personal and protective equipment) had been purchased, it was possible a small core team of volunteers to meet weekly to plan for a reopening of the Museum. It was immediately obvious that this could not happen quickly. The Museum's collection is largely held in a Victorian brick building with narrow corridors, on a small site with many areas of potential visitor bottleneck, which would have made any level of social distancing problematic. This included in the Museum's visitor centre but especially in the compact toilet block located in part of the Listed building, which meant that options for structural changes to improve facilities in its current location were limited.

After 10 weeks of planning and looking at all the options a scheme was devised for a safe reopening of the Waterworks Museum. This would involve relocating the toilet block to another part of the visitor centre and to create a new entry from the visitor centre to the Southall engine gallery, which would allow for the creation of a one-way route for visitors to tour the Victorian waterworks. Delivery of this called for significant change and a structural reconfiguration of the visitor centre.

A change in the layout of the visitor centre had previously been agreed by Trustees as a focus for the Forward Plan for 2021-2025, to create a new education/meeting facility more attractive for external hire. This was to be a means of generating new income to make the organisation more financially sustainable as an independent museum. The Director led project team therefore sought to combine these strategic objectives in planning a way forward. Phase 1, and the immediate priority, was to install new and bigger toilet facilities, which would allow the old toilets to be beneficially converted to an office and reception desk, and to create the new entry to the Southall Engine Gallery. Phase 2, some of which would be delivered alongside Phase 1 for reasons of efficiency and economy, would see the Museum's kitchen/café moved to another area of the visitor centre and the creation of an enclosed education/meeting room with break out area in place of the existing 'open plan' facility. The funding for the described phase-1 work, which was secured in September 2020, is reported in the next section below.

The underlying ethos of the Waterworks Museum required that volunteers would undertake and control as much of this work as possible, but it soon became obvious that the support of specialist contractors would also be required. By the end of 2020, a small 'bubble' of volunteers led by Deputy Chief Engineer, Mike Glover, had substantially completed the work to be done by the internal team. The toilet block had been moved, a new office had been created and large elements of associated phase II work (relocating the Museum's kitchen and café) had also been substantially completed. However, progress on contractor led work was delayed by staffing and supply chain problems associated with the extended periods of Covid-19 lockdown and these elements of the project will delay the planned reopening of the Waterworks Museum until later in 2021.

FINANCIAL IMPACT OF THE PANDEMIC AND FUNDING FOR IMPROVEMENTS

Being run wholly by volunteers, with no paid staff and relatively few fixed overheads, meant that the closure of the Waterworks Museum in March 2020 was in effect a 'mothballing' of all activities. Last year, we received less than 10% of our normal visitor numbers and all visits were during the quiet winter months before our programme of family running days had commenced. As a result of this, income was just a fraction of its usual level, but operational expenditure was also significantly lower. Largely as a result of the financial and other support provided by Dŵr Cymru Welsh Water and The Southall Trust, the net effect is that the Waterworks Museum did not suffer the catastrophic impact experienced by many independent museums.

Trustees were delighted, and extremely grateful, when financial support for the above-described Phase 1 work was provided by a grant of £26,100 from the National Lottery Heritage Emergency Fund, which included a sum for an independent review of the Trustees business plan and the strategic changes being considered by them. Pleasingly, this review broadly endorsed the proposed changes and put forward many useful ideas for future consideration by Trustees. Other aspects of the Museum's response to the Covid-19 pandemic were funded from a government Small Business Grant distributed in April 2020 via Herefordshire Council and from the Museum's financial reserves.

Further information of the financial impact of the pandemic is provided in the Financial Report on page 9 below.

ENGINEERING

The strategic move to appointing a Joint Chief Engineer in autumn 2019 has already led to a more even spread of operational responsibilities but equally important it will significantly enhance of robustness of our operational and safety arrangements. This is doubly so because the vast experience of Peter Heaton will remain available to the joint chief engineers for, we hope, some considerable time ahead.

As a result of the Covid-19 Pandemic volunteers were prevented from attending the Waterworks Museum for most of the year, so little progress was made on major maintenance or restoration projects. But there were exceptions:

The covered display for the Sissons cross compound slow speed instructional engine set has been completed and it is hoped that this engine set can be installed and that a new exhibit will be ready for inauguration in 2021. Work also continued on preparing steam road-roller 'Emma' for re-assembly and eventual display on a new area of the Museum forecourt, and winter repairs were also made to Emma's Living Van.

Save for these projects, work was performed to discharge responsibilities for the annual inspection and statutory testing of the boiler and Volunteers' engineering skill and experience were hugely beneficial in preparing the Waterworks Museum for re-opening when circumstances permit. Advantage was though taken during this relatively quiet period to work with the Herefordshire Wildlife Trust to look holistically at the habitat and biodiversity of the land occupied by the Museum, which will lead further surveys in spring 2021 and to the adoption of a new five-year environmental site management plan.

HEALTH, SAFETY, WELFARE AND TRAINING

There were no reportable safety incidents in 2020. The arrival of the Coronavirus pandemic called for a reassessment of all the Museum's operational practices and the development of a risk mitigation plan specifically addressing Covid-19, which is publicly available on the Museum's website. Directors' assessment of the risk to the health and well-being of volunteers and visitors was sufficiently high to decide to close the Waterworks Museum in March 2020, ten days before the government announcement of a national lockdown. This appropriately cautious approach continues to be applied when assessing the timetable for a public re-opening of the Museum.

COLLECTION AND ARCHIVE

There were only a small number of additions to the Museum's collections during the reporting year. These were small items of paper and ephemera relating to public water supply, displays at the Waterworks Museum and items in the collections. Discussion on other potential donations to the Museum were suspended for the duration of the pandemic.

During period of closure, additional information was made accessible on the Museum's website about various artefacts in the Museum's collections and volunteers in the Archive Room also provided engineering and research advice and support to three UK heritage organisations.

EDUCATION, RESEARCH AND COMMUNITY ENGAGEMENT

Only three primary schools were able to visit the Waterworks Museum under the partnership with Dŵr Cymru Welsh Water before the Museum closed in March 2020 and the education programme was suspended. However, teaching materials provided by the Museum continued to be freely available from the Waterworks Museum website for use in the classroom and/or to support home schooling.

The new meeting and conference facility being developed at the Museum will provide fresh opportunity for community engagement, as our goal is to use the Museum's charitable objectives to make a reasonable proportion of booking slots financially accessible for local community and charity use.

In the spring of 2020, a new fence was installed around the meadow car park at the rear of the Waterworks Museum, which did not just enhance the visual amenity of the Museum. This improvement was driven by Directors' desire to instal a larger gateway to increase the size of vehicles that could gain access to the meadow, which we believe will open this space for new uses and, in particular its use for community events, outdoor performance and entertainment. The potential for this was first shown during the Hereford Steampunk Festival in 2017, when the meadow was used for the evening concert performance.

REGULATION AND COMPLIANCE

The date for the 2021 Annual General Meeting (AGM) has yet to be announced. All resolutions at this meeting will be matters of routine business - that is to approve the 2020 Trustees Report and Accounts and resolutions for the annual re-appointment of each of the Trustees and the Reporting Accountant (or Independent Examiner).

The Coronavirus pandemic saw the holding of last year's AGM deferred from May to July 2020, when a socially distanced meeting was held with a smaller number of Members than usual. The resolutions passed at this meeting were all items of routine business.

In last year's report, Trustees identified two compliance challenges for 2020: completion of the process to renew the Museum's status as an 'accredited museum' and the approval of a new Forward Plan for the period 2021 to 2025. Trustees also acknowledged that during the period of the next Forward Plan the Museum would reach the 50th anniversary of its creation in 1974, so a period of reflection and review of the Museum's business model and future aspirations would be very timely. However, each of these challenges were substantially delayed.

Trustees welcomed the announcement in spring 2020 that, as a result of the Covid-19 pandemic, Arts Council England would be suspending the programme for renewal of Accredited Museum status for a year. This suspension was subsequently extended for a further year in February 2021.

Plans for a quinquennial review of the Museum's strategic plan and the adoption of a Forward Plan for 2021-2025 were also deferred a year. Trustees aim to have completed this process in 2021 so the new Forward Plan would operate between 2022-2026. However, as previously described above, some aspects of this were advanced in 2020 with the independent review of the Museum's business model and plans to improve the overall sustainability of the charity.

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2020

This Report covers the 12-month financial period ended 31st December 2020.

The Accounts presented in this Report comply with the requirements of the Companies Act 2006 and the Charity Commission. Following the practice of previous years, the narrative that follows refers mainly to the Income and Expenditure account presented on page 18. This distinguishes everyday Operations and Maintenance activities from those devoted to specific Projects.

The underlying pattern of activities undertaken by the Museum had become well established and consistent for many years, but this did not hold for 2020 due to the pandemic. Our cash flow was therefore not consistent with the assumptions of the Reserves Policy, as set out on page 4.

Operations

Operational income fell sharply, particularly that related to visitors. This was partially offset by reduced expenditure on items such as fuel, since no exhibits were in operation, but the Museum has continuing expenses, for example insurance, that still had to be met. In addition, the deep clean of the premises, purchase of PPE and other measures to protect volunteers came out of operational funds.

Projects

Projects fall into two categories, either 'Designated' or 'Restricted'. These are carefully distinguished in the accounts to meet Charity Commission requirements, but for reporting to Museum Members on page 18 they are combined under the 'Project' heading. Designated Projects are unrestricted and use money allocated from Museum funds at the discretion of the Directors who monitor each project carefully. Restricted Projects draw on money given by an outside body for a specific purpose, being ring-fenced and used strictly in accordance with the terms of the grant.

Ignoring non-cash items (depreciation and stock movements), just over 50% of expenditure was project based – a stark increase from 5% in 2019.

Designated Projects

Three 'Designated' projects were worked on to a limited extent during the year: 'Emma', Herefordshire Council's steam road-roller, housing for the Sissons Engine (as described in the Chief Engineer's Report) and the new fencing for the car park.

Restricted projects

The monies from the Government's Small Business Grant and National Lottery Heritage Emergency Fund are restricted and applied to works to adapt to Coronavirus and improve our business resilience, as described in the Chairman's report. Although the total sum was not expensed in 2020, it has been fully committed, along with additional funds from the Museum's reserves.

Conclusion

I am pleased to report that our cash flow policy reduced the impact of the pandemic in 2020, enabling the Museum to pursue its aims for the foreseeable future. This would not have been the case without the essential support given by the Museum's Benefactors, Members, Volunteers, and friends, which was even more valued this year.

Mike Harries
Honorary Treasurer

Waterworks Museum - Hereford

Trustees' Report for the financial year ended 31 December 2020

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing an annual report and the accounts in accordance with: (i) applicable charity law, and (ii) the provisions of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Company law requires the Trustees to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company and of the surplus or deficit of the charitable company for that year. In preparing those accounts, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the accounts on the 'going concern' basis, unless it is inappropriate to presume that the company will continue in business.

The Trustees have overall responsibility for maintaining accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The foregoing report has been prepared in accordance with the small company regime (Section 419(2) of the Companies Act 2006).

Signed on behalf of the Trustees:



Richard Curtis - Company Secretary

15 June 2021

Independent Examiner's Report

To the Directors of Waterworks Museum - Hereford

On the unaudited accounts for the financial year ended 31 December 2020

I report on the accounts of the charitable company for the **financial year ended 31 December 2020**, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes.

Respective responsibilities of Trustees and examiner

The charity's Trustees (some of whom are also the Directors for the purposes of company law) are responsible for the preparation of the accounts. The charity's Trustees consider that an audit is not required for this year (under Section 144(2) of the Charities Act 2011 (the 2011 Act)) and that an independent examination is required.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

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

Basis of independent examiner's report

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

Independent examiners' statement

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

1. which gives me reasonable cause to believe that, in any material respect, the requirements
 - to keep accounting records in accordance with s386 and 387 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of Sections 394 and 395 of the Companies Act 2006 and with the methods and principles of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)have not been met; or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Edward Richards
Thorne & Co.
Accountants
1 St. Mary's Street,
Ross-on-Wye
HR9 5HT

15 June 2021

Waterworks Museum - Hereford

**Statement of Financial Activities
(Income and Expenditure Account)**

For the financial year ended 31 December 2020

				2020	2019
	<u>Note</u>	<u>Unrestricted funds</u>	<u>Restricted funds</u>	<u>Total</u>	<u>Total</u>
<u>Income from</u>					
Grants, fees and donations	3	48,109	26,100	74,209	24,364
Activities for generating funds	3	428		428	17,057
Investments	3	<u>85</u>		<u>85</u>	<u>632</u>
Total income		<u>48,622</u>	<u>26,100</u>	<u>74,722</u>	<u>42,053</u>
<u>Expenditure on</u>					
Generating funds	4	6,234		6,234	9,022
Charitable objectives	4	<u>50,296</u>	<u>23,058</u>	<u>73,355</u>	<u>37,843</u>
Total Expenditure		<u>56,530</u>	<u>23,058</u>	<u>79,588</u>	<u>46,865</u>
Net income/expenditure		(7,908)	3,042	(4,866)	(4,812)
Gross transfer between funds		-	-	-	-
Net movement in funds		(7,908)	3,042	(4,866)	(4,812)
Total funds brought forward		<u>69,575</u>	<u>667,218</u>	<u>736,793</u>	<u>741,605</u>
Total funds carried forward		<u>61,667</u>	<u>670,260</u>	<u>731,927</u>	<u>736,793</u>

Waterworks Museum - Hereford

**Balance Sheet
As at 31 December 2020**

				2020	2019
	<u>Note</u>	<u>Unrestricted funds</u>	<u>Restricted funds</u>	<u>Total</u>	<u>Total</u>
<u>Fixed Assets</u> (tangible fixed assets only)	7	<u>9,467</u>	<u>653,504</u>	<u>662,971</u>	<u>676,865</u>
<u>Current Assets</u>					
Stock	8	2,618	-	2,618	1,775
Debtors and prepayments	9	77	-	77	770
Cash at bank and in hand		<u>80,024</u>	<u>17,186</u>	<u>97,210</u>	<u>59,295</u>
Total current assets		<u>82,719</u>	<u>17,186</u>	<u>99,905</u>	<u>61,840</u>
<u>Current Liabilities</u>					
Creditors falling due within one year	10	41	430	471	1,492
Net Current Assets		<u>82,678</u>	<u>16,756</u>	<u>99,434</u>	<u>60,348</u>
Provisions for liabilities		30,478	-	30,478	420
Net Assets		<u>61,667</u>	<u>670,260</u>	<u>731,297</u>	<u>736,793</u>
<u>Income Funds</u>	11/12				
Unrestricted Funds		61,667	-	61,667	69,575
Restricted Funds		-	<u>670,260</u>	<u>670,260</u>	<u>667,218</u>
		<u>61,667</u>	<u>670,260</u>	<u>731,927</u>	<u>736,793</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2020.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 December 2020 in accordance with Section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

Signed on behalf of the Trustees by:



Richard Curtis - Chairman

15 June 2021

Waterworks Museum - Hereford

Notes to the Unaudited Accounts for the financial year ended 31 December 2020

1 Accounting Policies

Basis of preparation

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income Resources

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- i. The donor specifies that the grant or donation must only be used in future accounting periods; or
- ii. The donor has imposed conditions that must be met before the charity has unconditional use.

Income from trading activities is recognised as earned (as the related goods and services are provided).

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income is deferred when admission fees or performance related grants are receivable in advance of the performances or events to which they relate.

Volunteers and Donated Services and Facilities

The Volunteers involved with the charity are members of the company limited by guarantee. They support the Museum so that it can open to members of the public on up to 70 days each year. They include the Trustees, Directors and Officers, who carry additional responsibilities, and volunteer engineers who work additional days maintaining and preserving the collection. The Museum has no paid staff. Further details of the contribution made by Volunteers can be found in the Trustees' annual report.

Resources Expended

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods and services are supplied. Other grant payments are recognised when a constructive obligation arises that result in the payment being unavoidable.

- i. Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- ii. Charitable activities include expenditure associated with the restoration and maintenance of donated assets and leased premises and include both the direct costs and support costs relating to these activities.
- iii. Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- iv. Support costs include central functions and have been apportioned to the activities to which they relate on a total activity cost basis.

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Operating Leases

The charity operates the Museum on land and buildings owned by Dŵr Cymru Welsh Water under a long-term rent-free lease, which expires in 2074. The land on which the Heritage Water Park sits is owned by Herefordshire Council, which is leased to the Museum for a peppercorn rent until 2047.

Tangible Fixed Assets and Depreciation

Tangible Fixed Assets represent the Museum's buildings, which are being depreciated on a straight-line basis over the remaining term of the lease, and the boiler over a 25 year term (2010-2035). The Heritage Water Park is not a building and is not subject to depreciation.

Stock

Stock is included at the lower of cost and net realisable value. Stock includes parts, fuel and items for sale to Museum visitors.

Inalienable or Historic Assets

The charity holds a leasehold interest in property, which includes Hereford's Victorian Grade II* Listed Lower Pumping Station, that occupies part of an operational utility site owned by Dŵr Cymru Welsh Water. The 99-year lease of this property, which expires on 31st March 2074, is classed as an Inalienable Asset and is not included in the charity's Balance Sheet.

Funds Structure

The charity has a restricted income fund to account for situations where donors require that donations are spent on a particular purpose or where funds have been raised for a specific purpose. All other funds are unrestricted income funds.

2 Legal Status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of a winding-up is limited to £1.

3 Income

	2020 Unrestricted	2020 Restricted	2020 Total	2019 Total
From fees, donations and grants				
Membership fees	1,997	-	1,997	2,552
Donations	1,552	-	1,552	1807
Gifted Regular Income	-	-	-	-
Gift aid refund	77	-	77	715
Grant - Southall Trust	10,000	-	10,000	10,000
Grant - Dŵr Cymru Welsh Water	9,482	-	9,482	9,239
Other grants/awards	<u>25,000</u>	<u>26,100</u>	<u>51,100</u>	<u>50</u>
	<u>48,108</u>	<u>26,100</u>	<u>74,208</u>	<u>24,364</u>

Other grants/awards are exceptional items - National Lottery Heritage Emergency Fund and Small Business Grant

From activities for generating funds

Admission fees	247	-	247	11,021
Refreshments	174	-	174	5,078
Retail sales	7	-	7	741
Museum products	-	-	-	93
Premises hire	=	=	=	=
	<u>428</u>	=	<u>428</u>	<u>16,933</u>

Investment income

Bank interest	<u>85</u>	=	<u>85</u>	<u>632</u>
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Other income

Asset disposals	=	=	=	<u>124</u>
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4	<u>Expenditure (analysis of resources expended)</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	For generating funds	Unrestricted	Restricted	Total	Total
	Refreshments	80	-	80	1,314
	Sale material	4	-	4	123
	Special events	-	-	-	1,374
	Consumables	2,576	-	2,576	417
	Advertising/publicity	3,444	-	3,444	5,315
	WaterWords	130	=	130	480
		<u>6,234</u>	=	<u>6,234</u>	<u>9,022</u>
	For charitable purposes				
	Fuel	489	-	489	4,425
	Machine maintenance	4,901	240	5,141	6,430
	Premises maintenance	37,174	9,104	46,278	3,279
	Display/signage/artefacts	623	-	623	854
	Insurance	1,168	-	1,168	2,706
	Publications (museum/education)	52	-	52	111
	Depreciation	180	13,714	13,894	13,894
	Museum activities	289	-	289	1,667
	Office/computer/telecom/postage	2,339	-	2,339	2,002
	Honorarium	150	-	150	600
	Project professional fees	1,130	-	1,130	907
	Rent	59	-	59	59
	Subscriptions to external bodies	1,080	-	1,080	161
	Audit professional fees	420	-	420	420
	Bank charges	242	=	242	328
		<u>50,296</u>	<u>23,058</u>	<u>73,354</u>	<u>37,843</u>

As a result of the Museum's closure, most expenditure reduced. The notable exception is Premises Maintenance which includes Covid related professional cleaning, a new car park fence and initial work on the visitor centre reconfiguration.

5 **Paid employees** The charity does not have any paid employees.

6 **Trustees and Other Related Parties**

A small honorarium of £150 was made to the charity administrator (who is not a trustee). Expenses incurred by the Trustees are reimbursed at cost. The Trustees had no material interest in any transaction undertaken by the charity during the year.

7 **Tangible fixed assets**

	<u>Boiler</u>	<u>Museum buildings</u>	<u>Total</u>
Cost			
At 31 December 2019	42,507	806,972	849,479
Additions	<u>0</u>	<u>0</u>	<u>0</u>
At 31 December 2020	<u>42,507</u>	<u>806,972</u>	<u>849,479</u>
Depreciation			
At 31 December 2019	16,556	156,057	172,613
Charge for year	<u>1,729</u>	<u>12,165</u>	<u>13,894</u>
At 31 December 2020	<u>18,285</u>	<u>168,222</u>	<u>186,507</u>
Net book value			
At 31 December 2019	25,950	650,915	676,865
At 31 December 2020	<u>24,221</u>	<u>638,750</u>	<u>662,971</u>

	<u>2020</u>	<u>2019</u>
8 <u>Stock</u>		
Fuel and oil	1003	500
Materials and spare parts	950	950
Goods for resale	<u>665</u>	<u>325</u>
	<u>2,618</u>	<u>1,775</u>
9 <u>Debtors and prepayments</u>		
Trade debtors	<u>77</u>	<u>770</u>
	<u>77</u>	<u>770</u>
10 <u>Creditors (amounts falling due within one year)</u>		
Trade creditors	471	-
Membership Fees in Advance	-	1,558
Accruals	<u>30,478</u>	<u>420</u>
	<u>30,949</u>	<u>1,978</u>

Accruals include 2021 expenditure incurred or priced for works essential for the re-opening of the Waterworks Museum in a Covid secure manner.

11 Restricted funds

The Restricted Income Fund represents capital grants provided by various funding bodies for the purposes of providing Tangible Fixed Assets in the form of the new museum buildings, the Rotherwas Engine House and boiler shown in Note 7 to the accounts. The Restricted Income Funds will be released to the Statement of Financial Activities on the same basis as the Depreciation Policy.

An additional restricted fund was created for the National Lottery Heritage Emergency Fund grant to ensure its use for the purpose of reconfiguring the museum in a Covid secure manner and a review of the museum's business model.

12 Movement in funds

	<u>Unrestricted income fund</u>	<u>Restricted income fund</u>
Income	48,622	26,100
Expenditure	<u>56,530</u>	<u>23,058</u>
	<u>(7,908)</u>	<u>3,042</u>
Gross transfer between funds	-	-
Net movement	(7,908)	3,042
At 31 December 2019	<u>69,575</u>	<u>667,218</u>
 At 31 December 2020	 <u>61,667</u>	 <u>670,260</u>

13 Post Balance Event

The Waterworks Museum was mothballed (i.e. closed to Volunteers and Visitors) on 13 March 2020, two days after the World Health Organisation declared Covid-19 a global pandemic and ten days before the UK Government declared a 'national lockdown'. The Museum remains closed to visitors at the date of this report. Work is underway to prepare the Waterworks Museum to accept a return of visitors but, as yet, no date has been agreed for this. Work is also in hand to assess the strategic implications of Covid-19 on the Museum's Forward Plan for 2022-2026, which is being prepared for Trustee approval later this year. For the Waterworks Museum, Covid 19 is a non-adjusting post balance sheet event in this Trustees Report for the year ended 31 December 2020.

Waterworks Museum - Hereford

Income and Expenditure Account for the financial year ended 31 December 2020
(This page does not form part of the statutory accounts)

	Operations	Projects	Total	Total	Variance
	2020 £	2020 £	2020 £	2019 £	£
INCOME					
Memberships, Grants and Donations					
Membership fees	1,997		1,997	2,552	-555
Welsh Water	9,482		9,482	9,239	243
Southall Trust	3,500	6,500	10,000	10,000	0
Other outside bodies		51,100	51,100	50	51,050
Private donations	1,552		1,552	1,807	-255
Gift Aid refund	77		77	715	-638
Activities income					
Admission fees	247		247	11,021	-10,774
Refreshments	174		174	5,078	-4,904
Retails sales, publications and DVDs	7		7	835	-828
Income from hire of premises					0
Gain from asset disposals				124	-124
Interest Received					
Bank interest	85		85	632	-547
TOTAL INCOME	17,121	57,600	74,721	42,053	32,668
EXPENDITURE					
Visitor Services					
Advertising and publicity	3,574		3,574	5,795	-2,221
Sales materials	4		4	123	-119
Refreshments	80		80	1,314	-1,234
Special events and museum activities	289		289	3,041	-2,752
Educational projects, museum publications	52		52	111	-59
Utensils, consumables	2,576		2,576	417	2,159
Installations and Maintenance					
Exhibits, install, repair & maintain artefacts	2,015	1,685	3,700	6,081	-2,381
Exhibits, external contractor services	1,389	120	1,509	350	1,159
Premises, repairs & maintenance	2,661	38,933	41,594	2,266	39,329
Premises, external contractor services	1,143	3,540	4,683	1,012	3,671
Fuel, lubricating oil and gas	489		489	4,425	-3,936
Displays/signage additions and improvements	1,686		1,686	1,761	-75
Depreciation		13,894	13,894	13,894	0
Administration Overheads					
Postage and telephone/broadband	775		775	1,387	-612
Computer and office supplies	1,564		1,564	585	979
Rent	59		59	59	0
Insurances	1,168		1,168	2,706	-1,538
Honorarium	150		150	600	-450
Subscriptions to other organisations/journals	1,080		1,080	161	919
Travel and incidental costs				30	-30
Accountancy and consultancy fees	420		420	420	0
Bank charges	242		242	328	-86
TOTAL EXPENDITURE	21,416	58,172	79,588	46,865	32,723
EXCESS OF INCOME OVER EXPENDITURE	-4,295	-572	-4,867	-4,812	-55