

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 2021**

Waterworks Museum - Hereford

Report and unaudited Accounts for the financial year ended 31 December 2021

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WATERWORKS MUSEUM – HEREFORD

TRUSTEES' REPORT for the FINANCIAL YEAR ENDED 31 DECEMBER 2021

INTRODUCTION

The Trustees of the Waterworks Museum - Hereford, five 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 2021**. 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).

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

Established in 1974, the charity 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 CHARITABLE PURPOSE

“to encourage and promote public education and interest in the preservation, display and running for the public benefit waterworks engines, pumps, boilers and other equipment and relics of historical or general and for other charitable purposes connected with the study of water supply undertaking”

Our vision is to thrive and grow as a specialist museum, focussed on the history of water supplies for public benefit, and be a prominent Herefordshire visitor attraction. The Museum aspires to bring the industrial heritage to life through the working engines, pumps, boilers and other artefacts it looks after.

We will achieve our vision by being recognised as:

1. A working museum wholly governed, managed and operated by volunteers
2. Custodians of an interesting and informative collection of engines and artefacts sited in Hereford's Grade 2* listed authentic Victorian waterworks.
3. A valued resource that can support learning and education (physically & remotely)

We will drive our vision forward by following our VALUES:

- A. **Safe, friendly & welcoming**
environment for visitors, volunteers & users of the Museum, it's collection and facilities
- B. **Trusted and valued**
to manage the Museum effectively by our volunteers, members, benefactors & partners
- C. **Stronger Together**
playing an active role in the communities we operate in

The Museum's collections are used in an education programme, mainly, but not exclusively, for primary school children, using curriculum led materials designed and delivered by experienced teachers from the educational sector. Tours of the Museum are available, led by knowledgeable volunteers and the Museum prides itself in offering an enjoyable experience to visitors including those who may need some form of assistance.

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. These are owned by the Museum, save for 26 items which are 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 (one floor of 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, with the exception of animal power, there are examples of all types of motive power for water pumping including the oldest in situ working triple expansion steam engine 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 protect 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 to and 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 later in 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 120. The position of Trustee is a non-remunerated role, although out of pocket expenses are reimbursed at cost.

The Directors at the date of this report are:

Jill Phillips	Chair of Trustees and Governance Director
Mike Harries ^(a)	Financial Director and Honorary Treasurer
Fred Snelgrove ^(a)	Collections Manager
Neil Atkins ^(a)	Operations Director
Mike Glover ^(a)	Joint Chief Engineer

^(a) Denotes served as Director throughout the financial year ended 31 December 2021.

Subsequent to the financial year end, on 10 March 2022, Richard Curtis ^(a) stepped down as a Director and Chairman of the Museum due to ill health and Jill Phillips (then Vice Chair of Trustees) became a Director and Acting Chair. On 15 May 2022, Jill Phillips was appointed as Chair of Trustees and Governance Director.

The other Trustees of the Museum at the date of this report are listed

* Peter Heaton	* Richard Curtis (also Company Secretary)
* Paul Allen	* Vicky Martin (representing Dŵr Cymru Welsh Water)
* Kathy Burrows	* Keith Munn
* Kevin Burrows	* Brian Nelson
* Adrian Eyre	* Richard Glasspoole
* Colin Hughes	* Graham Prosser
* Ana Vaughan	* Stan Lawler

Three Trustees were appointed in 2021: Richard Glasspoole (8 March 2021), Ana Vaughan (20 September 2021) and Stan Lawler, who was appointed as Youth Trustee (1 November 2021). There are currently 19 Trustees. Efforts will be made to fill the remaining (one) vacancy in 2022.

Due to the circumstances of the continuing Coronavirus Pandemic the Council of Management formally met only twice in 2021, but Trustees received regular electronic updates from the Directors. Virtual meetings of the Council were held in March and September 2021, and the Annual General Meeting was held virtually on 25 October 2021.

The Trustees made the following appointments, which have been renewed for the financial year January to December 2022:

- **Accreditation Mentor:** Katherine Andrew
59 The Common, Abberley, Worcestershire WR6 6AY
- **Independent Examiner:** Edward Richards, 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
- 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 risks. A statement of risk assessment arising as a result of the Pandemic was publicly available on the Museum website during 2020, 2021 and into 2022 until all restrictions were removed by the Government.

Waterworks Museum - Hereford remained closed throughout the first half of the reporting year and only reopened to the public in July 2021. To minimise risk to volunteers and visitors, Directors delayed reopening the Museum to enable the completion of the work commenced in 2020 to mitigate the risks associated with the Coronavirus Pandemic. This work principally comprised a structural reconfiguration of the visitor centre to improve facilities and create a new one-way route to tour the Museum. These changes will provide Directors much greater flexibility in managing any future pandemic or similar incident reducing the time for which the Museum would need to be closed to the public.

Subsequent to reopening, the Waterworks Museum was closed again on 10 December 2021 following the occurrence of the 'omicron' variant of Coronavirus. This decision was taken by Directors given the huge initial uncertainty about the impact of the omicron variant and the desire to protect the health and wellbeing of volunteers and visitors, a large proportion of whom by age or underlying condition were considered under government guidance to be at higher risk of infection. Directors extended this period of closure into the first quarter of 2022 to enable volunteers to complete safety work and essential maintenance on the collection of engines and pumps which it had not been possible to complete during the Coronavirus lockdown. Visitors returned to the Museum in March 2022.

The 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

Financial Reserves Policy

The Directors 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. In normal circumstances the Trustees require that general reserves 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 on limited number of days each year as a visitor attraction which constrains the ability of the Museum to expand or grow new income streams). The 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 Policy

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
- Implement policies and procedures designed to minimise any potential impact on the charity should a risk materialise.

Key risks and risk mitigation in 2021 have been previously described in the earlier section on 'Risk Management'.

Other Key Policies

ACCESS: The Access Policy describes how the Trustees provide the widest access to the Museum and its collection that is reasonably possible, and seek to 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.

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 Museum's care, 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 for the FINANCIAL YEAR ENDED 31 DECEMBER 2021

CHAIR'S INTRODUCTION

I am delighted for our collective community that, at the time of writing this report, the Museum has been awarded the prestigious Queen's Award for Voluntary Service in the Queen's Birthday Honours for 2022. It is the highest award a local voluntary group can receive in the UK and is known as the Charities MBE. As I stated in the Museum's press release, "the vision, drive and determination of the founder members and volunteers has continued through the years and the absolute strength of the Museum is the passion and capabilities of those involved. The Museum is a very special place to be a volunteer at". I am sure this public recognition will give all the volunteers a real boost and encourage others to make a commitment to the Museum's future.

In 2021, the Museum continued to be closed to the public until July. Volunteers worked hard to ensure essential maintenance was carried out throughout the closure and to carry out tasks and construction work needed to deliver phase 2 of the reconfiguration of the Visitor Centre. It was wonderful to see visitors return and it was very encouraging to see the pro rata numbers of visitors for the limited number of open days we could hold in 2021 were better than in 2019, one of our best years for visitors.

In managing the Museum, the Directors were aware of two competing pressures (a) attracting a growth in visitor numbers to retain financial viability and (b) not overstretching the goodwill of Volunteers actively engaging with the museum. To this end, the Directors trialed an open day once a month with an earlier start time of 11am – 4pm, adding events as opportunities arose and ensuring there was an 'In Steam' Tuesday in the school holidays. The monthly Sunday steam events were themed and in 2021 three events (The Cart Shed 4 July, Greg Chapman 8 August and #SteamUpTuesday 24 August) were hosted.

As the autumn unfolded however, a new variant in the Coronavirus Pandemic led the Directors to close the museum once again during the winter period from December 2021 through to March 2022. This enforced closure was once again turned from a real threat to an opportunity where volunteers continued with the reconfiguration of the Museum in preparation for a re-opening in 2022. A selection of pictures to help bring to life the reconfiguration and tasks completed are either included at the end of this document or are available on request.

As a result of the Coronavirus Pandemic the Museum's Financial Reserves have been significantly depleted and will take several years to regenerate but with the continued support of our benefactors the financial viability of the museum is not at risk. Save for the impact on Reserves, the financial performance in 2021 was in line with budget, so largely unchanged from 2020. In the current year, the global escalation on energy and cost of living will need careful monitoring to ensure open days and events are cost effective and to minimise risk of loss. The challenge will also be in ensuring the operational model, developed during lockdown, can open up new sources of funding to allow the Museum to be less dependent on benefactors and others.

The Trustees identified two compliance challenges for 2020 which were delayed throughout 2021 and into 2022 due to the Coronavirus Pandemic. The first challenge being (a) the process to renew the Museum's status as an 'accredited museum' and the second (b) being the approval of a new Forward Plan over a three-year period 2022 to 2025. These are now receiving the Trustees attention.

The Trustees are so grateful for the tremendous effort of all Volunteers in preparing the Museum for reopening. Their contribution and effort cannot be quantified as the reconfiguration project was substantially delivered in house over 15 months with an exceptional quality of workmanship. Once structural work had been completed volunteer efforts were refocused with the same commitment on returning the Museum site to a standard ready to receive visitors and to planning the open days and events to attract visitors to return after a lengthy period of closure.

ENGINEERING

When the Waterworks Museum was closed because of the Coronavirus Pandemic the engineering skill and experience of the volunteer engineers were essential in preparing the Museum for a safe and timely re-opening to the public. Engineers also focused on discharge of responsibilities for the safe operation of the Museum and its engines and pumps, including the programme of annual safety inspections and statutory testing of the steam boiler. However, the programme of routine maintenance work was once again disrupted, which led the Directors to decide to extend the closure due to the Omicron variant in December 2021 until March 2022 to allow a backlog of winter maintenance to be addressed.

Two key engineering projects were advanced in 2021. The covered display for the Sissons cross compound slow speed instructional engine set was completed and the installation of this engine set was commenced. It is planned that this new exhibit will be ready by the end of 2022. A new mess cabin for volunteers was acquired and fitted out with services for restroom, kitchen, and toilet facilities.

In addition, volunteers supported projects to enhance the Museum site. The gateway to the meadow car park was widened to improve access to the rear of the site. A grant from Dŵr Cymru Welsh Water also allowed planning to progress for hedge planting and environmental improvements across the Museum site, which will be implemented during 2022.

At the date of this report, the Blackstone Engine and the Heritage Water Park have been recommissioned following a period of essential winter maintenance period ready for the 2022 season. Directors are still awaiting completion of an agreement with Herefordshire County Council to secure the long-term future at the Museum of Emma, the Steam Road Roller.

HEALTH, SAFETY, WELFARE AND TRAINING OF VOLUNTEERS

There were no reportable safety incidents in 2021. 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. As previously described in this annual report, the 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 on 10 December 2021 and to only re-opened to the the public in March 2022.

The welfare of Volunteer engineers was improved in 2021 with the installation of a dedicated engineers' mess. All new volunteers undertook induction and training appropriate to the role to be performed.

The number of volunteers supporting the Museum has been adversely affected by the Coronavirus Pandemic. Many volunteers used the period of closure to retire from volunteering and some others are finding it hard to return to active involvement at previous levels. Directors are pleased with the success of a proactive volunteer recruitment and advertising programme which has used online and social media resources to reach a more diverse pool of potential volunteers who can support the Museum in a variety of flexible ways. Notwithstanding this there is still a need to recruit volunteers in a number of areas and the overall available volunteer capacity available to the Directors is reflected in the reduced programme of open-days in 2021 and 2022.

VISITOR CENTRE (including Café, Reception and Shop)

The impact of risks associated with the Coronavirus Pandemic made it very clear that to safely reopen the Museum there needed to be structural changes put in place. Works which commenced in 2020 to re-configure facilities within the Visitor Centre and adjoining display galleries were substantially completed, which allowed the Museum to reopen to the public in July 2021. This work included the installation of a visitor one way system to allow controlled flow of visitors from reception to a newly constructed covered walkway into the Southall Gallery, allowing visitors to progress from display Bays 1 to 7 and the outside exhibit locations using a newly created visitor map.

The reconfiguration project also saw the toilet block relocated with improved facilities, and the creation of a larger and more flexible-use space for educational activities, museum events, conference style meetings and 'hire' events. An area intended for breakout space is to be further developed with an installation of a demountable wall system, however this has currently been put on hold due to supply issues. An example of the construction system can be seen in use in the new reception desk in the visitor centre. The installation of a hearing loop for the café, reception and visitor Centre has been postponed for reassessment in 2022.

The reconfiguration project has also delivered three associated benefits which have further enhanced the experience of Museum visitors. We now have a more efficient and enhanced café service, and a new team of suitably trained and qualified volunteers has established an evolving range of menu options for visitors. The reception area has been repositioned by redeveloping the space previously occupied by the toilets where a bespoke visitor reception desk has been installed supported by a new card payment system adopted in 2021. The third benefit is creation of an area for a Museum shop, which has reopened with a seasonal uplift in presentation and style. This will continue to be seasonally renewed whilst awaiting development of a longer-term strategy for retail space within the visitor centre.

VISITOR EXPERIENCE

Visitor feedback to the reopening of the Museum and its new facilities has been excellent. For the three open days held in 2021, when engines and pumps could be seen working, the pro rata number of visitors received was significantly higher than visitor numbers for 2019, the last year before the pandemic. However, the current strategy and pattern of open-days means that the total number of visitors the Museum receives each year are not expected return to pre-pandemic levels. 2022 will, therefore, set a new baseline of visitor numbers against which future performance can be monitored.

Visitors are now greeted by a new team of front of house volunteers (reception and café staff and visitor stewards) who are dedicated to helping them enjoy their time at the Waterworks Museum. The overall visitor experience has also been enhanced by steadily improving the way in which the working machines and interactive displays at the Museum are presented and by working with third parties (for example, exhibitors, entertainers, providers of arts & craft displays and owners of steam engine and vintage vehicles) to provide an all-round interactive experience that can be equally enjoyed by heritage enthusiasts and family groups. This approach has continued to be developed in 2022.

COLLECTION AND ARCHIVES

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 and included information to support new displays. Trustees are especially grateful to Presteigne & Norton Town Council for the donation of display boards which describe the historic water supply to that town which can now be seen in the Museum's visitor centre.

During the period of closure, significant additional information was made accessible on the Museum's website about various artefacts in the Museum's collections and, although it was closed for personal research, Volunteers in the Archive Room provided engineering and research advice and support to three UK heritage organisations.

EDUCATION, RESEARCH AND COMMUNITY ENGAGEMENT

Extending the reach of the Museum's support for education and connections with the schools' communities around Herefordshire, surrounding counties and Wales has always been an integral part of the Museum's charitable purpose. However, the education programme delivered in partnership with Dŵr Cymru Welsh Water, which has had a significant impact since it was re-established in its current form in 2007, was suspended throughout 2021 and only recommenced on a reduced programme after April 2022. It is hoped to revert to the pre-pandemic education programme in 2023.

The new meeting and conference facilities of the Museum visitor centre is already providing new opportunity for community engagement, which the Directors will further develop in 2022. 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. It is also hoped that research activity, which was suspended during the period the Museum was closed, will soon recommence.

REGULATION AND COMPLIANCE

The 2022 Annual General Meeting (AGM) has been convened for 19 July 2022. All resolutions at this meeting will be matters of routine business - that is to approve the 2021 Trustees Report and Accounts and resolutions for the annual re-appointment of each of the Trustees and the Independent Examiner (previously described as the Reporting Accountant).

As a consequence of the Coronavirus pandemic last year's AGM was held virtually on 25 October 2021. The resolutions passed at this meeting were all items of routine business (as described above).

In last year's report, the Trustees identified two compliance challenges for 2021: completion of the process to renew the Museum's status as an 'accredited museum' and approval of a new Forward Plan for the period 2021 to 2025. The 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.

Each of these challenges were substantially delayed by the Coronavirus Pandemic and subsequent closures of the Museum. Trustees welcomed the suspension by the Arts Council England of the process for renewal of Accredited Museum status, which for the Museum this programme will commence in December 2022. Plans for a 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 2022 and have agreed that this will be a three-year plan running from 2022 – 2025.

Jill Phillips
Chair of Trustees and Governance Director
10 June 2022

TREASURER'S REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

This Report covers the 12-month financial period ended 31 December 2021.

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 in this report. 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 as a result of the Pandemic whose impact continued into 2021. Our cash flow was therefore not consistent with the assumptions of the Reserves Policy, as set out on page 5 of this report.

Operations

Operational income, particularly that related to visitors, although partly recovered, was still significantly down on 2019. This was partially offset by reduced expenditure on items such as fuel and maintenance for the reduced number of operating days the Museum held. However, many overheads, for example insurance, still had to be met in full. In addition, the continued need for enhanced cleaning and other measures to protect the health of volunteers and the public 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 use money allocated from Museum funds at the discretion of the Directors and/or Trustees 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 2019's 5%.

Designated Projects

Two 'Designated' projects were worked on to a limited extent during the 2021 year: 'Emma', Herefordshire Council's steam road-roller and housing for the Sissons Engine (as described earlier in the Chief Engineer's Report). The remainder of the monies from the Government's Small Business Grant contributed to the purchase and fitting out of the Volunteers' Mess and the element of the covered walkway that was not covered by the National Lottery Heritage Emergency Fund (below).

Restricted Projects

The National Lottery Heritage Emergency Fund is restricted and applied to works to adapt to the Coronavirus Pandemic and improve our business resilience and it had been expensed by the end of 2021. A fund for a display on the Water Tower was created, thanks to a grant from the Friends of Hereford Museums Association.

Conclusion

I am pleased to report that our cash flow policy reduced the impact of the Pandemic in 2021, and although Pandemic related project work has reduced our reserves, it has improved the sustainability of 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, over the course of another year that was demanding for many reasons.

Mike Harries
Honorary Treasurer
10 June 2022

Waterworks Museum - Hereford

Trustees' Report for the financial year ended 31 December 2021

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

Jill Phillips
Chair of Trustees and Governance Director
10 June 2022

Independent Examiner's Report

To the Directors of Waterworks Museum - Hereford

On the unaudited accounts for the financial year ended 31 December 2021

I report on the accounts of the charitable company for the **financial year ended 31 December 2021**, 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
10 June 2022

Waterworks Museum - Hereford
Statement of Financial Activities
Income and Expenditure Account
For the financial year ended 31 December 2021

				2021	2020
	<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	20,983	500	21,483	74,209
Activities for generating funds	3	10,309	700	11,009	428
Investments	3	<u>104</u>		104	<u>85</u>
Total income		<u>31,396</u>	<u>1,200</u>	<u>32,596</u>	<u>74,722</u>
<u>Expenditure on</u>					
Generating funds	4	6,893	736	7,628	6,234
Charitable purposes	4	<u>24,341</u>	<u>33,177</u>	<u>57,518</u>	<u>73,355</u>
Total Expenditure		<u>31,234</u>	<u>33,913</u>	<u>65,147</u>	<u>79,588</u>
Net income/expenditure		162	(32,713)	(32,551)	(4,866)
Gross transfer between funds		—	—	—	—
Net movement in funds		162	(32,713)	(32,551)	(4,866)
Total funds brought forward		<u>61,667</u>	<u>670,260</u>	<u>731,927</u>	<u>736,793</u>
Total funds carried forward		<u>61,829</u>	<u>637,547</u>	<u>699,376</u>	<u>731,927</u>

Waterworks Museum - Hereford
Balance Sheet
As at 31 December 2021

				2021	2020
	<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>9,288</u>	<u>639,789</u>	<u>649,077</u>	<u>662,971</u>
<u>Current Assets</u>					
Stock	8	2,341	-	2,341	2,618
Debtors and prepayments	9	226	-	226	77
Cash at bank and in hand		<u>71,179</u>	<u>1,758</u>	<u>72,937</u>	<u>97,210</u>
Total current assets		<u>73,746</u>	<u>1,758</u>	<u>75,504</u>	<u>99,905</u>
<u>Current Liabilities</u>					
Creditors falling due within one year	10	20,784	4,000	24,784	471
Net Current Assets		<u>52,962</u>	<u>(2,242)</u>	<u>50,719</u>	<u>99,434</u>
Provisions for liabilities		420	-	420	30,478
Net Assets		<u>61,829</u>	<u>637,547</u>	<u>699,376</u>	<u>731,297</u>
<u>Income Funds</u>	11/12				
Unrestricted Funds		61,829	-	61,829	61,667
Restricted Funds		-	<u>637,547</u>	<u>637,547</u>	<u>670,260</u>
		<u>61,829</u>	<u>637,547</u>	<u>699,376</u>	<u>731,927</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 December 2021 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

Jill Phillips
Chair of Trustees and Governance Director
10 June 2022

Waterworks Museum - Hereford

Notes to the Unaudited Accounts for the financial year ended 31 December 2021

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 has a leasehold interest in the property that is classed as an inalienable asset and is not included in the Balance Sheet. This interest expires on 31st March 2074.

Funds Structure

The charity has restricted income funds 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

	<u>2021</u> Unrestricted	<u>2021</u> Restricted	<u>2021</u> Total	<u>2020</u> Total
From Grants, fees and donations				
Membership fees	55	-	55	1,997
Donations	649	-	649	1,552
Gifted Regular Income	295	-	295	-
Gift aid refund	226	-	226	77
Grant - Southall Trust	10,000	-	10,000	10,000
Grant - Dŵr Cymru Welsh Water	9,758	-	9,758	9,482
Other grants/awards	-	500	500	51,100
	<u>20,983</u>	<u>500</u>	<u>21,483</u>	<u>74,208</u>
From Activities for generating funds				
Admission fees	7,341	-	7,341	247
Refreshments	2,539	-	2,539	174
Retail sales	327	-	327	7
Museum products	23	-	23	-
Premises hire	80	-	80	-
	<u>10,310</u>	<u>-</u>	<u>10,310</u>	<u>428</u>
Investment income				
Bank interest	104	-	104	85
Other income				
Asset disposals	-	700	700	-

4.	Expenditure	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
	(Analysis of resources expended)				
	For Generating funds	Unrestricted	Restricted	Total	Total
	Refreshments	1,618	-	1,618	80
	Sale material	70	-	70	4
	Special events	329	-	329	-
	Consumables	2,788	736	3,523	2,576
	Advertising/publicity	2,088	-	2,088	3,444
	WaterWords	-	-	-	130
		<u>6,893</u>	<u>736</u>	<u>7,628</u>	<u>6,234</u>
	For Charitable purposes				
	Fuel	3,327	-	3,327	489
	Machine maintenance	4,042	10	4,052	5,141
	Premises maintenance	9,568	16,453	26,020	46,278
	Display/signage/artefacts	849	-	849	623
	Insurance	1,183	-	1,183	1,168
	Publications (museum/education)	285	-	285	52
	Depreciation	180	13,714	13,894	13,894
	Museum activities	260	-	260	289
	Office/computer/telecom/postage	2,165	-	2,165	2,339
	Honorarium	-	-	-	150
	Project professional fees	884	-	884	1,130
	Rent	59	-	59	59
	Subscriptions to external bodies	980	-	980	1,080
	Audit professional fees	420	3,000	3,420	420
	Bank charges	141	-	141	242
		<u>24,342</u>	<u>33,177</u>	<u>57,519</u>	<u>73,354</u>

Premises maintenance includes work on the Visitor Centre reconfiguration and Volunteers' Mess.
Audit professional fees incorporates the business model review.

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

6. **Trustees and Other Related Parties**

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 2020	42,507	806,972	849,479
	Additions	<u>0</u>	<u>0</u>	<u>0</u>
	At 31 December 2021	<u>42,507</u>	<u>806,972</u>	<u>849,479</u>
	Depreciation			
	At 31 December 2020	18,285	168,222	186,507
	Charge for year	<u>1,729</u>	<u>12,165</u>	<u>13,894</u>
	At 31 December 2021	<u>20,014</u>	<u>180,387</u>	<u>200,372</u>
	Net book value			
	At 31 December 2020	24,221	638,750	662,971
	At 31 December 2021	<u>22,493</u>	<u>626,585</u>	<u>649,077</u>
8.	Stock		<u>2021</u>	<u>2020</u>
	Fuel and oil		996	1003
	Materials and spare parts		750	950
	Goods for resale		595	665
			<u>2,341</u>	<u>2,618</u>
9.	Debtors and prepayments			
	Trade debtors		<u>226</u>	<u>77</u>
			<u>226</u>	<u>77</u>

10. **Creditors**

(Amounts falling due within one year)

Trade creditors	24,489	471
Membership Fees in Advance	295	-
Accruals	420	<u>30,478</u>
	<u>25,204</u>	<u>30,949</u>

Trade creditors includes 2021 expenditure on works essential for re-opening the museum in a Covid secure manner but only completed and paid for in February 2022.

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

12. Movement in funds	<u>Unrestricted income fund</u>	<u>Restricted income fund</u>
Income	31,396	1,200
Expenditure	<u>31,234</u>	<u>33,913</u>
	<u>162</u>	<u>(32,713)</u>
Gross transfer between funds	-	-
Net movement	162	<u>(32,713)</u>
At 31 December 2020	<u>61,667</u>	<u>670,260</u>
At 31 December 2021	<u>61,829</u>	<u>637,547</u>

Waterworks Museum - Hereford

Income and Expenditure Account for the financial year ended 31 December 2021

(This page does not form part of the statutory accounts)

	Operations 2021 £	Projects 2021 £	Total 2021 £	Total 2020 £	Variance £
INCOME					
Memberships, Grants and Donations					
Membership fees	55		55	1,997	(1,942)
Welsh Water	9,758		9,758	9,482	276
Southall Trust	3,500	6,500	10,000	10,000	0
Other outside bodies		500	500	51,100	(50,600)
Private donations	944		944	1,552	(608)
Gift Aid refund	226		226	77	149
Activities income					
Admission fees	7,341		7,341	247	7,094
Refreshments	2,539		2,539	174	2,365
Retails sales, publications and DVDs	350		350	7	343
Income from hire of premises	80		80		80
Gain from asset disposals		700	700		700
Interest Received					
Bank interest	104		104	85	19
TOTAL INCOME	24,897	7,700	32,597	74,721	(42,124)
EXPENDITURE					
Visitor Services					
Advertising and publicity	2,088		2,088	3,573	(1,485)
Sales materials	70		70	4	66
Refreshments	1,618		1,618	80	1,538
Special events and museum activities	589		589	289	300
Educational projects, museum publications	285		285	52	233
Utensils, consumables	2,644	880	3,524	2,576	948
Installations and Maintenance					
Exhibits, install, repair & maintain artefacts	2,884	47	2,931	3,700	(769)
Exhibits, external contractor services	1,409		1,409	1,509	(100)
Premises, repairs & maintenance	2,484	17,896	20,380	41,595	(21,215)
Premises, external contractor services	1,680	3,960	5,640	4,683	957
Fuel, lubricating oil and gas	3,327		3,327	489	2,838
Displays/signage additions and improvements	1,445		1,445	1,686	(241)
Depreciation		13,894	13,894	13,894	0
Administration Overheads					
Postage and telephone/broadband	619		619	775	(156)
Computer and office supplies	1,506		1,506	1,564	(58)
Rent	59		59	59	0
Insurances	1,183		1,183	1,168	15
Honorarium			0	150	(150)
Subscriptions to other organisations/journals	980		980	1,080	(100)
Travel and incidental costs		40	40		40
Accountancy and consultancy fees	420	3,000	3,420	420	3,000
Bank charges	141		141	242	(101)
TOTAL EXPENDITURE	25,431	39,717	65,148	46,865	18,283
EXCESS OF INCOME OVER EXPENDITURE	(534)	(32,017)	(32,551)	27,856	(60,407)