



## **PK Porthcurno**

**Trustees' Report and Consolidated Financial Statements**

**Year ended 31 March 2023**

**Registered charity number 1189090**

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## Vision

*"We have designed our civilization based on science and technology and at the same time arranged things so that almost no one understands anything at all about science and technology. This is a clear prescription for disaster"*  
Carl Sagan

### OUR VISION:

A world where people are inspired by the past, understand the science and technology that connects them, and use that knowledge to imagine and shape a better future.

### OUR MISSION:

We enable people to explore the connected world, understand the history, science and technology of global communications, and consider what this means in their own lives.

### OUR VALUES:

**Inspiring:** we love what we do and hope to inspire others by sharing our enthusiasm and inviting their participation

**Progressive:** we are forward thinking, adventurous and not afraid to try new things

**Relevant:** we engage people with our collections and stories and how these relate to their own lives

**Sustainable:** we work towards a sustainable world and aim to do no harm

**Open:** we create an inclusive and open environment which welcomes respectful discourse

## Legal and administrative information

### Registered office and

**principal place of business:** Eastern House  
Porthcurno  
Penzance  
Cornwall, TR19 6JX

**Charity registration number:** 1189090

**VAT number:** GB 699 4558 55

### Trustees

The trustees of PK Porthcurno during the period under review were:

Gareth Parry (Chairman)  
Tamsin Daniel (Vice-chairman, resigned 25 November 2022)  
Polina Bayvel  
Christopher Fyles  
David Foot  
Andrew MacLeod  
Simon Menneer (resigned 3 August 2022)  
Cassandra Newland (appointed 3 May 2023)  
Richard Perry  
Shini Somarathne (appointed 11 May 2023)  
Deborah Tritton

### Principal officers

The management team reports to the board of trustees and is responsible for the overall management of the charity.

The team of managers comprise:

Chairman:	Gareth Parry
Creative Director & CEO:	Julia Twomlow
Head of Finance & Resources:	Patricia McCartney

The Chairman, CEO & Creative Director and Head of Finance & Resources are responsible for managing the finances and administration of the charity and for ensuring compliance with all legal obligations.

## Legal and administrative information (continued)

### Independent advisers

Solicitors:	<p>Murrell Associates LLP 14 High Cross Truro Cornwall TR1 2AJ</p> <p>Counterculture LLP Unit 115 Ducie House Ducie Street Manchester M1 2JW</p>
Auditor:	<p>RRL LLP Peat House Newham Road Truro Cornwall, TR1 2DP</p>
Bankers:	<p>CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ</p>
Investment bankers:	<p>Brewin Dolphin Ltd T/as RBC Brewin Dolphin Vantage Point Woodwater Park Pynes Hill Exeter Devon EX2 5FD</p>

## Director's Report

I am pleased to present this annual report which covers the second full year of operations of PK Porthcurno since its inception in 2020. The report is divided into sections which broadly align with the areas and activities delivered at PK Porthcurno and all activities carried out at the Museum are guided by our organisational vision, mission and values.

### Vision, Mission and Values

#### Our Vision

A world where people are inspired by the past, understand the science and technology that connects them and use that knowledge to imagine and shape a better future.

#### Our Mission

We enable people to explore the connected world, understand the history, science, and technology of global communications, and consider what this means in their own lives.

#### Our Values

- *Inspiring:* We love what we do and hope to inspire others by sharing our enthusiasm and inviting their participation.
- *Progressive:* We are forward-thinking, adventurous and not afraid to try new things.
- *Relevant:* We engage people with our collections and stories and how these relate to their own lives.
- *Sustainable:* We work towards a sustainable world and aim to do no harm.
- *Open:* We create an inclusive and open environment that welcomes respectful discourse.

#### Visitor Services

Visitor numbers for the year were slightly down on pre-pandemic levels at 17,119 (2019-20 – 18,300) and down by 9% against our original target. However, according to our partners in Cornwall Association of Tourist Attractions (CATA) this pattern was reflected elsewhere in Cornwall. The significant reduction in visitor numbers to the Museum created a loss of anticipated income from admissions against budget. In response, we reduced the number of discounts offered on admission and postponed plans to create an outdoor food outlet within the year, which would have incurred capital investment and additional staffing costs. We also experimented with opening more often in the winter months, opening for six days a week instead of three, working with a reduced front of house and café staff team at these times. The additional three days a week of opening generated approximately 33% of our winter income across all streams.

Spend per visitor (SPV) remained stable across the year for all areas and was slightly up on pre-pandemic figures with admissions at £5.78 against £5.46 in 2019-20. The café and retail both performed very well with historic highs on SPV: the café at £3.71 (against £2.31 in 2019-20) and retail at £2.90 (against £1.79 in 2019-20). Combined SPV across the year was up by nearly 30% at £12.39 against £9.56 in 2019-20.

The museum shop had a very successful year with a range of bespoke and branded merchandise introduced and proving very popular. In the winter, we launched our first online shop just in time for Christmas. One cause for celebration was winning the national award for 'best museum shop product' at the Association for Cultural Enterprises Awards for our 'Oceans Will Not Divide Us' Morse Code blanket made in collaboration with Cornwall-based company, Atlantic Blankets.

A new venture for the year was launching Telegraph Cottage as a holiday let in April 2022, ready for the summer season. The cottage was advertised directly via our website and social media as well as through Airbnb. This proved successful from the outset with overwhelming positive feedback from visitors and 'Superhost' status achieved.

## **Director's Report (continued)**

### **Exhibitions**

In June 2022, we opened our collaborative exhibition with GCHQ in the Tunnels. Entitled *Watcher of the Skies*, this was a temporary exhibition which ran until September 2023.

Also in June, a new Planet PK environmental exhibition opened called *Airymouse* (Cornish dialect for bat). The exhibition was prompted by our awareness of the bat populations in Porthcurno which have been revealed in recent surveys. The exhibition looks particularly at bat communications through echolocation as well as ways in which we can do more to protect these much-maligned creatures. It is presented in collaboration with the Mammal Society.

At the end of the financial year, plans were underway for a new temporary exhibition which opened in October 2023 in collaboration with the Mobile Phone Museum and Vodafone UK, marking 40 years of the mobile phone.

### **Collections & Archive**

Since its launch in February 2022, our online collections platform PKOC (PK Online Collections) has gone from strength to strength and is proving an amazing resource for staff and users alike. Access to PKOC has made it easier for staff to explore the collections for marketing use, learning resources and ideas for the museum shop. PKOC has also reduced the amount of time collection staff are spending on external enquiries, enabling direct enquirers to PKOC to carry out their own searches into the collections.

We continue to modify and add to the data on PKOC, with help from our archive volunteers, as well as new acquisitions to the collections. With the increased access to the collections, we are also receiving information that is improving our records, including the identification of people, places and events that appear in some of our photographs.

Our relationship with Higher Education institutions and support for research continued to grow, especially with the University of Exeter. This included a new PhD studentship titled 'Sustaining the Nervous System of the World: An Environmental History of Submarine Cable Telegraphy circa 1880-1940' which commenced in September 2022.

The Creative Director & CEO of PK Porthcurno also completed a Master of Research with Exeter University in International Heritage Management and Consultancy. Her research dissertation, entitled 'Return of the Exiles', investigates the origins of the Exiles Club in Porthcurno. A direct grant from the Clore Leadership programme and AHRC enabled her to continue this study with a research visit to the cable station site at Carcavelos, Portugal, investigating community connections between cable station sites.

### **Acquisitions**

We continue to receive new acquisitions to the museum collections including photographs, albums, notes and ephemera related to the Cable and Wireless College at Porthcurno, cable samples and staff documents. In addition, we received two phototelegraphy machines to accompany the one already in the collection, a Siemens & Halske Morse inker dated circa 1860s and documents and objects relating to the Sunbury Glass Works who were at the forefront of developing and manufacturing fibre optics in the early 1960s. A collection of items from Global Marine was also received, including a marine galvanometer, an azimuth circle and navigational plotting instruments.

### **Engagement**

During the year, the Engagement Team continued devising a rich range of inspiring and playful activities, events and workshops exploring the history and science of communications for a range of ages. We

## Director's Report (continued)

completed a user survey for the Clore Duffield Foundation, comparing our pre- and post-Covid engagement figures. This showed that our in-person engagement across our organisation for the period January-June, both on and off site, had risen by 120% since 2019. Our biggest news of the year was the Engagement Team winning the national *Kids in Museums* Best Family Friendly Engagement Team award.

Engagement activities across the year included 'in person' activities across a range of ages from toddlers to teenagers. School visits stepped up after Covid and our Learning Facilitators adapt their ways of working to be flexible to the changing situations, such as sudden Covid outbreaks. We also registered to be a part of the Get Back to Culture opportunity for Secondary Schools in Cornwall, aimed at addressing the lack of creative experiences for students brought on by the pandemic.

Our focus on inclusive experience continued with the meeting room in Eastern House repurposed as a quiet breakout space for visitors and families - 'a space to pause' during a visit. We also created a mindfulness video about Porthcurno Valley with filmmaker Alban Roinard, as part of mental health awareness.

In May 2022, 'Morgy' the Giant Communications Squid arrived and was installed in the gardens of PK Porthcurno. Designed and built by Portuguese-Italian artist cooperative Moradavaga, Morgy provides a welcome splash of colour to the museum grounds and a fun, low-tech way to explore the science of communications for all ages.

Our work with the Cornish Caretakers continued and the show and workshop, 'A Message to PK Porthcurno' toured to some 40 Cornish schools, engaging with up to 10,000 primary-aged children across Cornwall. It went on to win 'Best Collaboration' at the Cornwall Heritage Awards.

Our new Planet PK Champions environmental sessions were launched during the year, with sessions bringing together scientific and creative elements to the workshop experience.

Volunteering started to return to pre-Covid levels with our dedicated team of technical and engineer volunteers continuing to maintain interactive displays and other equipment throughout the museum. Archive volunteers continued to catalogue and digitise photographs, whilst our newest volunteer began transcribing staff registers for addition to our online collections.

Work experience and student placements also resumed for the first time since Covid including seven students from Exeter University who all completed placements, three master's students, and a Duke of Edinburgh Award. In the summer we held a social event for all our volunteers, staff and Trustees with a barbeque on our café terrace and at the end of the year, a visit to GCHQ Bude was organised for volunteers and staff as a follow-on to the 'Watcher of the Skies' exhibition.

## Funding

### Arts Council England

In March 2023, a formal application was started to Arts Council England for a new consortium of museums in Cornwall with PK Porthcurno as the Lead Applicant. The application was for £1.86 million across three years (2023-26) with a partnership including PK Porthcurno, Royal Cornwall Museum, Falmouth Art Gallery, Penlee House Museum and Gallery, The Keep – Cornwall's Regimental Museum, Wheal Martyn Clayworks and the Museum of Cornish Life. The application was submitted in April 2023 for a decision in June.

### St Levan Parish Charitable Trust

Funding of £7.5k was received from the St Levan Parish Charitable Trust to pay for the appointment of a new Learning & Participation Officer (Arts).



## **Director's Report (continued)**

### **Environmental Responsibility**

Environmental concerns are central to every decision we make at PK Porthcurno and the umbrella name we give this work is Planet PK. Planet PK formally recognises our duty of care as residents and landowners within the Valley, which is within an Area of Outstanding Natural Beauty. It embeds green values within the charity's future programming, engagement, commercial activities and business plans.

Developments during the year included achieving official Plastic Free Community status for the whole of Porthcurno from Surfers Against Sewage. PK Porthcurno also continued to organise community beach cleans throughout the year. Using funding from Tresorys Kernow, we commissioned consultancy to produce an action-based report to help address Porthcurno's littering issues that come with the transient summer crowds.

In the summer, we commissioned bat surveys from Cove Ecological to protect local bat populations during necessary maintenance and building work across the site. From the surveys we have found populations of pipistrelle bats resident in the Valley as well as greater horseshoe bats which are particularly rare in the UK. The results of this survey inspired and informed the Planet PK temporary 'Airymouse' exhibition at the Museum.

Work commenced on our fields behind the museum to clear invasive clematis. This five-year project is being led and managed by the National Trust.

Thanks to the efforts of our gardener and volunteers, we now have 13 bee colonies in the apiary behind the museum, with several swarms arriving this year. Honey harvested from the hives is sold in the museum shop.

### **Awards in 2022/23**

The following awards have been achieved in the year:

- Visit England Excellence in Tourism Awards – bronze, Small Visitor Attraction
- Southwest Tourism Awards – winner of Small Visitor Attraction award
- Cornwall Tourism Awards – winner of Small Visitor Attraction award
- Cornwall Tourism Awards – winner of Accessible & Inclusive Tourism award
- Association of Cultural Enterprises – Best product (blanket)

### **Conclusion**

2022/23 was a year of successes and challenges. Whilst embedding the organisational changes we made in the previous year, we started to consider the long-term impact of the pandemic and how we should respond. Our award successes at a local, regional and national level have been gratifying and reassuring, reflecting the quality of our collections and exhibitions, and the positive, inclusive experience that our museum offers. However, we know there is necessarily more change ahead.

Anticipating the end of the three-year core funding agreement from the Vodafone Foundation in 2023, we foresee the need to become more self-reliant with earned income. This will doubtless impact on staffing and the focus of our resources moving forward. The new funding relationship we are developing with Arts Council England, along with our partner museums, is also an important element of these changes, reflecting the need for all funded cultural organisations to be more agile and pragmatic in their working models. These changes will undoubtedly include difficult and sometimes challenging decisions but are necessary to our long-term resilience.

To conclude, on behalf of the PK Porthcurno team, I would like to thank our esteemed Board of Trustees and our Chair, Professor Gareth Parry, for their unwavering support, appreciation and dedication to the Museum and its staff.

Julia Twomlow, Creative Director & CEO

## **Trustees' report**

The trustees are pleased to present their report together with the audited consolidated financial statements of PK Porthcurno for the year ended 31 March 2023 and confirm that the latter comply with the requirements of the Constitution and the Charities SORP 2019.

PK Porthcurno is a Charitable Incorporated Organisation (CIO) and its UK registered charity number is 1189090.

### **Structure, Governance and Management**

#### **Governing document**

The governing document of the charity is a Constitution dated 14 April 2020. The charity is governed by a board of individual trustees.

#### **Trustee induction and training**

Existing trustees are already familiar with, and the majority experienced in, the work of charities by virtue of their currently holding or having previously held trustee appointments with other charities. New trustees may be appointed at any time (either by way of replacement or addition) by the existing trustees.

All trustees have been acquainted with the Charity Commission's guide "the Essential Trustee", which is distributed free to all trustees together with a copy of the charity's constitution and latest report and accounts. In the event of a vacancy a new trustee would be encouraged to attend a series of meetings with existing trustees and employees and, if necessary, attend a short external course.

A Governance Review was carried out during the year ended 31 March 2023 and is reviewed on an ongoing basis. The Trustee pack continues to be updated on a regular basis for the existing and new trustees.

#### **Organisation**

The board of trustees meet quarterly and are responsible for the strategic direction of the CIO. The day-to-day responsibility for the running of the charity rests with the CEO & Creative Director and assistants who report to the board of the trustees.

#### **Risk Management**

The trustees have examined the major operational and financial risks that the CIO faces and confirms that procedures have been implemented to enable regular reviews to be undertaken and reports to be produced in order that the necessary steps can be taken to minimise any potential impact on the charity should those risks materialise.

#### **Objectives and Activities**

PK Porthcurno is an educational charity, originally established by Cable and Wireless plc in 1997 as The Porthcurno Collections Trust, whose activities, assets and liabilities were transferred to the charity on 1 October 2020. The objects of the charity, as contained in the constitution 'are to advance the education of the public particularly in the sciences and the history of science and innovation and the history of Porthcurno including without prejudice to the generality by preserving, restoring, researching, maintaining and documenting for display to the general public the Tunnels, the Collection and telecommunications equipment and artefacts, buildings and documents and to undertake any charitable activity for the benefit of the public and in particular those members of the public living or working in the vicinity of the Charity's projects.'

The charity's major activities are the operation of an award-winning museum, the care and management of the Cable & Wireless historic archive, the maintenance of the object collections, historic buildings and grounds at Porthcurno and the provision of formal and informal learning opportunities. By providing access to unique, world-class historical resources on the history of telecommunications, the charity continues to increase the reputation of Porthcurno as an important centre for study and a valuable educational resource.

## **Trustees' report (continued)**

The trustees consider that as an educational charity PK Porthcurno satisfies the meaning of charitable purpose as defined by section 2(2) of the Charities Act. As such it considers that it has complied with the duty in section 4 of the Act having due regard to public benefit guidance published by the Charity Commission.

### **Financial Review**

In 2022/23 the group had incoming resources of £649,102. Of this total, £120,000 was provided by Vodafone Foundation. The charity continued to provide heritage services to the Company, focusing on the care and management of the historic archive. Vodafone Foundation's funding is a major contribution to the charity's museum activities. The funding has been important in maintaining the quality and range of museum activities offered by the charity.

The remainder of the charity's income is generated by: museum entrance fees £102,331, shop sales £51,487, café sales £63,459, property rentals £29,189, car park income £143,127, project grants £95,097, interest and dividends £8,737 and other miscellaneous sources £35,675.

### **Reserves Policy**

The net expenditure for the period on unrestricted funds was £128,046. There was a transfer of funds from unrestricted general funds to PK Contingency Investment portfolio of £64,831. These amounts have been deducted from the surplus balance of unrestricted general funds of £727,787 giving an accumulated surplus of £534,910 excluding amounts arising from the revaluation of fixed assets and investments.

The trustees have considered the charity's various sources of income and the risk that this could be reduced. Although the charity is not substantially dependent on donations, it is largely dependent on seasonal tourism and its location is very isolated. There is a risk that factors outside of the control of the charity could result in a substantial reduction in income one summer which would have an impact on the charity for 12 months. The trustees consider that reserves should be maintained at an amount equivalent to about 12 months' core costs plus contingency of running Eastern House, the Wilshaw Building and peripheral buildings. The target reserves are £75,000.

The trustees monitor the need for reserves and the current level of reserves at least once a year considering factors such as sources of income, risks of income reduction, anticipated costs of maintaining the charity.

### **Fundraising Policy**

PK Porthcurno does not use external fundraisers or commercial parties; all fundraising for the CIO is conducted by the CEO & Creative Director and staff of the CIO, with appropriate oversight and guidance by the board of trustees. Our strategic fundraising objective is to sustain and build the CIO's income to meet our long-term capital and revenue needs. The focus of our fundraising activity is on developing relationships with charitable trusts, local and central authorities, and appropriate corporate sponsors. We comply with all current fundraising legislation, seeking to keep abreast of fundraising developments to ensure best practice in all our fundraising activities.

PK Porthcurno encourages donations, both ad hoc or via appeals, through our newsletter to subscribers, website, on site donation boxes and via leaflets and posters. We do not run telephone campaigns or targeted personalised mailshots and we do not actively seek legacies from individuals unless approached by donors or their families. PK Porthcurno has not received any complaints about its fundraising practices.

## **Trustees' report (continued)**

### **Investment policy**

The Constitution permits the trustees to make such investments as they think proper. The policy is to achieve the maximum total return in terms of capital growth and income without incurring undue risks subject to any minimum income requirement agreed from time to time.

### **The Future**

The charity is currently looking at the options available for development that would enable it to be more sustainable in the future. These options include seeking to attract new sponsors and funders (specifically to fund new exhibitions and initiatives), partnering with national museums, with local government and with other local attractions with the aim of boosting visitor numbers and, also, aiming to attract new sources of grant funding to support the development (as part of new visitor offerings) of other buildings which form part of the museum's campus.

### **Statement of Trustees' Responsibilities**

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

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements giving a true and fair view, the Trustee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable it to ascertain the financial position of the charity and which enable it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Constitution. It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the trustees and signed on their behalf by:

Gareth Parry  
Chairman  
29 January 2024

## Independent auditor's report to the Trustees of PK Porthcurno

### Opinion

We have audited the financial statements of PK Porthcurno (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the consolidated and charity statement of financial activities, the consolidated and charity balance sheet, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2023, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial

## **Independent auditor's report to the Trustees of PK Porthcurno (continued)**

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

As part of our audit work, we obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which they operate. We determined that the laws and regulations that were most significant were those that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and compliance with the Charities Statement of Recommended Practice. In addition, we have considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. These include: data protection regulations, health and safety regulations, safeguarding legislation, licensing acts and employment legislation. The specific procedures for this engagement and the extent to which these are

## **Independent auditor's report to the Trustees of PK Porthcurno (continued)**

capable of detecting irregularities, including fraud is detailed below:

- Discussion with management as to how compliance with these laws and regulations is monitored;
- Review of the disclosures in the financial statements and testing to supporting documentation;
- Enquiries of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing minutes of trustees' meetings and correspondence with regulators;
- Performing audit work in connection with the risk of management override of controls, including testing journal entries for reasonableness and evaluating the business rationale of significant transactions outside the normal course of business.

We also communicate relevant identified laws and regulations and potential fraud risk to all engagement team members and remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit approach also considered the opportunities and incentives that may exist within the charity for fraud and identified the greatest potential for fraud being in respect of cut off and completion risk around revenue recognition. Under ISA (UK) we are also required to undertake procedures to respond to the risk of management override of controls. Our procedures included the following:

- Undertaking transactional testing on revenue;
- Performing cut off testing;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale for significant transactions outside the normal course of business;
- Reviewing estimates and judgments made in the accounts for any indication of bias and challenged assumptions used by management in making estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity

**Independent auditor's report to the Trustees of PK Porthcurno (continued)**

trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*RRL LLP (Statutory Auditor)*

*Peat House  
Newham Road  
TRURO  
Cornwall  
TR1 2DP*

*January 2024*

*RRL LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.*



**Charity statement of financial activities incorporating an income and expenditure account for the year ended 31 March 2023**

	Note	Unrestricted funds	Restricted funds	Total	2023	2022
		£	£		£	£
<b>Income</b>						
Donations:						
- Donations	2	65,588	-	65,588		891,996
- Subscriptions and other gifts		17,867	-	17,867		15,231
Charitable activities:						
- Grants	2	-	215,347	215,347		327,343
- Service contracts		1,281	-	1,281		5,218
- Car parking		-	-	-		4,567
Other trading activities:						
- Museum entrance fees		102,331	-	102,331		84,205
- Gift shop income		51,487	-	51,487		31,746
- Café income		63,459	-	63,459		50,357
- Other activities		9,736	-	9,736		7,088
Investments:						
- Dividends & interest received		8,737	-	8,737		5,699
- Property rentals and services		78,912	-	78,912		20,434
<b>Total income</b>		<b>399,398</b>	<b>215,347</b>	<b>614,745</b>		<b>1,443,884</b>
<b>Expenditure</b>						
Raising funds:						
- Cost of raising funds		15,830	-	15,830		17,507
- Cost of goods sold and other costs		64,555	-	64,555		44,750
- Investment management costs	3	2,460	-	2,460		1,849
Charitable activities:						
- Service contracts	4 & 6	1,281	-	1,281		5,178
- Other activities	4 & 6	417,246	226,685	643,931		743,228
- Depreciation & amortisation of assets		18,667	97,480	116,147		101,957
<b>Total expenditure</b>		<b>520,039</b>	<b>324,165</b>	<b>844,204</b>		<b>914,469</b>
<b>Net (expenditure)/income</b>		<b>(120,641)</b>	<b>(108,818)</b>	<b>(229,459)</b>		<b>529,415</b>
Transfer between funds						
		-	-	-		-
<b>Other recognised (losses)/gains:</b>						
Net (losses)/gains on investments		(15,097)	-	(15,097)		(33,092)
<b>Net movement in funds</b>		<b>(135,738)</b>	<b>(108,818)</b>	<b>(244,556)</b>		<b>496,323</b>
Reconciliation of funds:						
Total funds as at 31 March 2022		3,017,527	2,318,587	5,336,114		4,839,791
<b>Total funds as at 31 March 2023</b>		<b>2,881,789</b>	<b>2,209,769</b>	<b>5,091,558</b>		<b>5,336,114</b>

A reconciliation of the movement in funds is given in note 15. There were no discontinued operations within the charity for the year ended 31 March 2023.

**Consolidated statement of financial activities incorporating an income and expenditure account for the year ended 31 March 2023**

	Note	2023 Group £	2022 Group £	2023 Charity £	2022 Charity £
<b>Income</b>					
Donations:					
- Donations	2	6,541	891,996	65,588	891,996
- Subscriptions and other gifts		17,867	15,231	17,867	15,231
Charitable activities:					
- Grants	2	215,347	327,343	215,347	327,343
- Service contracts		1,281	5,218	1,281	5,218
- Car parking		-	4,567	-	4,567
Other trading activities:					
- Museum entrance fees		102,331	84,205	102,331	84,205
- Gift shop income		51,487	31,746	51,487	31,746
- Café income		63,459	50,357	63,459	50,357
- Other activities		152,863	47,507	9,736	7,088
Investments:					
- Dividends & interest received		8,737	5,699	8,737	5,699
- Property rentals and services		29,189	6,184	78,912	20,434
<b>Total income</b>		<b>649,102</b>	<b>1,470,053</b>	<b>614,745</b>	<b>1,443,884</b>
<b>Expenditure</b>					
Raising funds:					
- Cost of raising funds		16,200	17,507	15,830	17,507
- Cost of goods sold and other costs		64,555	44,750	64,555	44,750
- Investment management costs	3	2,460	1,849	2,460	1,849
- Car parking		41,392	5,736	-	-
Charitable activities:					
- Service contracts	4 & 6	1,281	5,178	1,281	5,178
- Other activities	4 & 6	643,931	743,228	643,931	743,228
- Depreciation & amortisation of assets		116,147	101,957	116,147	101,957
Other expenditure:		-	-	-	-
<b>Total expenditure</b>		<b>885,966</b>	<b>920,205</b>	<b>844,204</b>	<b>914,469</b>
<b>Net (expenditure)/income</b>		<b>(236,864)</b>	<b>549,848</b>	<b>(229,459)</b>	<b>529,415</b>
Transfer between funds		-	-	-	-
<b>Other recognised (losses)/gains:</b>					
Net (losses)/gains on investments		(15,097)	(33,092)	(15,097)	(33,092)
<b>Net movement in funds</b>		<b>(251,961)</b>	<b>516,756</b>	<b>(244,556)</b>	<b>496,323</b>
Reconciliation of funds:					
Total funds as at 31 March 2022		5,355,161	4,838,405	5,336,114	4,839,791
<b>Total funds as at 31 March 2023</b>		<b>5,103,200</b>	<b>5,355,161</b>	<b>5,091,558</b>	<b>5,336,114</b>

A reconciliation of the movement in funds is given in note 15. There were no discontinued operations within the charity for the year ended 31 March 2023.

Restricted income & expenditure in the above group statement of financial activities wholly relates to the charity, details of which can be found in the charity statement of financial activities.

**Charity balance sheet at 31 March 2023**

	<i>Note</i>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>2023 Total Funds</b>	<b>2022 Total Funds</b>
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8	6,333	-	6,333	25,000
Tangible assets	9	2,276,236	2,180,313	4,456,549	4,759,595
Investment property	11	235,000	-	235,000	-
Shares in subsidiary undertaking	10	10	-	10	10
<b>Total fixed assets</b>		<b>2,517,579</b>	<b>2,180,313</b>	<b>4,697,892</b>	<b>4,784,605</b>
<b>Current assets</b>					
Stock for resale		24,935	-	24,935	22,151
Debtors	13	43,198	12,262	55,460	76,198
Investments	11	358,521	-	358,521	454,387
Cash at bank and in hand		18,494	17,194	35,688	39,623
<b>Total current assets</b>		<b>445,148</b>	<b>29,456</b>	<b>474,604</b>	<b>592,359</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>80,938</b>	<b>-</b>	<b>80,938</b>	<b>40,850</b>
<b>Net current assets</b>		<b>364,210</b>	<b>29,456</b>	<b>393,666</b>	<b>551,509</b>
<b>Total assets less current liabilities</b>		<b>2,881,789</b>	<b>2,209,769</b>	<b>5,091,558</b>	<b>5,336,114</b>
<b>Net assets</b>		<b>2,881,789</b>	<b>2,209,769</b>	<b>5,091,558</b>	<b>5,336,114</b>
<b>The funds of the charity:</b>					
Restricted funds					
- Restricted funds		-	2,209,769	2,209,769	2,318,587
Unrestricted funds:					
- Unrestricted general funds		881,779	-	881,779	1,017,517
- Revaluation reserve		1,500,000	-	1,500,000	1,500,000
- Land & buildings revaluation reserve		500,000	-	500,000	500,000
- Shares in subsidiary undertaking		10	-	10	10
<b>Total charity funds</b>	15	<b>2,881,789</b>	<b>2,209,769</b>	<b>5,091,558</b>	<b>5,336,114</b>

**Consolidated Balance sheet at 31 March 2023**

	<i>Note</i>	<b>2023 Group £</b>	<b>2022 Group £</b>	<b>2023 Charity £</b>	<b>2022 Charity £</b>
<b>Fixed assets</b>					
Intangible assets	8	6,333	25,000	6,333	25,000
Tangible assets	9	4,456,549	4,759,595	4,456,549	4,759,595
Investment property	11	235,000	-	235,000	-
Shares in subsidiary undertaking	10	-	-	10	10
<b>Total fixed assets</b>		<b>4,697,882</b>	<b>4,784,595</b>	<b>4,697,892</b>	<b>4,784,605</b>
<b>Current assets</b>					
Stock for resale		24,935	22,151	24,935	22,151
Debtors	13	56,698	83,110	55,460	76,198
Investments	11	358,521	454,387	358,521	454,387
Cash at bank and in hand		49,522	53,782	35,688	39,623
<b>Total current assets</b>		<b>489,676</b>	<b>613,430</b>	<b>474,604</b>	<b>592,359</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>84,358</b>	<b>42,864</b>	<b>80,938</b>	<b>40,850</b>
<b>Net current assets</b>		<b>405,318</b>	<b>570,566</b>	<b>393,666</b>	<b>551,509</b>
<b>Total assets less current liabilities</b>		<b>5,103,200</b>	<b>5,355,161</b>	<b>5,091,558</b>	<b>5,336,114</b>
<b>Net assets</b>		<b>5,103,200</b>	<b>5,355,161</b>	<b>5,091,558</b>	<b>5,336,114</b>
<b>The funds of the charity:</b>					
Restricted funds					
- Restricted funds		2,209,769	2,318,587	2,209,769	2,318,587
Unrestricted funds:					
- Unrestricted general funds		893,431	1,036,574	881,779	1,017,517
- Revaluation reserve		1,500,000	1,500,000	1,500,000	1,500,000
- Land & buildings revaluation reserve		500,000	500,000	500,000	500,000
- Shares in subsidiary undertaking		-	-	10	10
<b>Total charity funds</b>	15	<b>5,103,200</b>	<b>5,355,161</b>	<b>5,091,558</b>	<b>5,336,114</b>

The notes on pages 21 to 35 form part of these financial statements.

These financial statements were approved by the trustees on 29 January 2024 and were signed on its behalf by:

Chairman  
Gareth Parry

**Consolidated statement of cash flows for the year ended 31 March 2023**

	Note	2023 Group £	2022 Group £	2023 Charity £	2022 Charity £
<b>Cash flows from operating activities:</b>					
- Net cash used/(provided) by operating activities	1	<u>(91,061)</u>	625,008	<u>(140,459)</u>	614,324
<b>Cash flows from investing activities:</b>					
- Dividends, interest and rents from investments		35,466	24,284	85,189	24,284
- Purchase of property, plant and equipment		(29,434)	(556,774)	(29,434)	(556,774)
- Proceeds from sale of investments		94,218	329,615	94,218	329,615
- Purchase of investments		(13,449)	(475,215)	(13,449)	(475,215)
<b>Net cash used on investing activities</b>		<u>86,801</u>	(678,090)	<u>136,524</u>	(678,090)
Change in cash and cash equivalents in the reporting		(4,260)	(53,082)	(3,935)	(63,766)
Cash and cash equivalents as at 31 March 2023		<u>53,782</u>	106,864	<u>39,623</u>	103,389
<b>Cash and cash equivalents at the end of the reporting</b>	2	<u><u>49,522</u></u>	<u>53,782</u>	<u><u>35,688</u></u>	<u>39,623</u>

**Notes to the Statement of cash flows**
**Note 1 - Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2023 £	2022 £	2023 £	2022 £
<b>Net income/(expenditure) for the period ended 31 March 2023</b>	<b>(236,864)</b>	549,848	<b>(229,459)</b>	529,415
Adjustments for:				
- Depreciation and amortisation charges	116,147	101,957	116,147	101,957
- Dividends, interest and rents from investments	(35,466)	(24,284)	(85,189)	(24,284)
- (Increase)/Decrease in stocks	(2,784)	(11,101)	(2,784)	(11,101)
- Decrease/(Increase) in debtors	26,412	9,196	20,738	16,570
- Increase/(Decrease) in creditors	41,494	(608)	40,088	1,767
<b>Net cash (used)/provided by operating activities</b>	<u><b>(91,061)</b></u>	625,008	<u><b>(140,459)</b></u>	614,324

**Note 2 - Analysis of cash and cash equivalents**

	2023 £	2022 £	2023 £	2022 £	Change in period £
Cash in hand	<u>49,522</u>	53,782	<u>35,688</u>	39,623	<u>(4,260)</u>
<b>Total cash and cash equivalents</b>	<u><u>49,522</u></u>	<u>53,782</u>	<u><u>35,688</u></u>	<u>39,623</u>	<u><u>(4,260)</u></u>

## **Notes (forming part of the financial statements)**

### **1 Summary of significant accounting policies**

#### **(a) General information and basis of preparation**

PK Porthcurno is a charitable incorporated organisation registered in England and Wales. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are preserving the important historic buildings and collections relating to the telegraph station at Porthcurno. It educates the general public about the history of the telegraph station and provides internationally significant archive and research resources for study of the history of international telecommunications.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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 2019), the Charities Act 2011 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### **(b) Funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**(c) Income recognition**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

Gifts in kind donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Where estimating the fair value is practicable upon receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impracticable to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in respect of a revenue grant from Cornwall Council of £11,000. Details of other government assistance received during the period are included within note 2. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

**(c) Income recognition (continued)**

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

**(d) Expenditure recognition**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds comprise the costs of commercial trading including gift shop and café and their associated costs;
- Expenditure on charitable activities includes the costs of maintaining the collections, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated costs; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

**(e) Support costs allocation**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 6.

**(f) Intangible fixed assets**

Goodwill represents the excess cost of acquisition of unincorporated businesses over fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life and shall be amortised on a systemic basis over its life of 5 years.

**(g) Tangible fixed assets**

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.



**(f) Tangible fixed assets (continued)**

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land	Nil
Freehold buildings	50 years
Museum refurbishment	20 years
Permanent exhibitions	20 years
Car park and landscaping	15 – 20 years
Fixtures and fittings	5 – 10 years

The original value of the land and property assets has not been included in the balance sheet as the property is heritage property and the charity is not permitted to sell it on the open market.

**(g) Heritage assets**

Heritage assets are recognised on the balance sheet and initially measured at cost when purchased or if donated, their valuation. Assets are subsequently stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Fair values for donated assets are estimated by reference to market prices.

Where information on the cost or valuation of heritage assets is not available or the cost of providing such information significantly outweighs any benefit to the users of the accounts then heritage assets are not recognised on the balance sheet.

Acquisitions only arise when donated to the charity or if it is believed that they will further the charity's objectives. Once acquired they will be preserved by the charity in order to keep their historical, artistic, scientific, technological, geophysical or environmental qualities to such a high level as to contribute to knowledge and culture. A register of all assets held by the charity is available and the assets themselves are accessible to the public with prior agreement. Heritage assets are to be held for the foreseeable future.

Endowment funds represent those assets which must be held permanently by the charity, principally the original World War II communication centre, known as "the tunnels", built in the hillside of Porthcurno in the 1940's, access, car parking area and a collection of historic telecommunications equipment.

**(h) Investment properties**

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in 'net gains / (losses) on investments' in the SoFA.

**(i) Investments**

Investments in subsidiaries are measured at cost less impairment.

**(k) Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first in, first out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

**(l) Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

**(m) Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

**(n) Concessionary loans**

Concessionary loans include those payable to a third party which are interest free or below market interest rates and are made to advance charitable purposes.

**(o) Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised.

**(p) Provisions**

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

**(q) Leases**

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

**(r) Foreign currency**

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

**(s) Employee benefits**

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

**(t) Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

**(u) Judgements and key sources of estimation uncertainty**

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and association assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision only affects that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**(v) Group financial statements**

The financial statements consolidate the results of the charity and its wholly owned subsidiary Porthcurno Enterprises Limited on a line-by-line basis. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

**(w) Investments**

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the statement of financial activities if the shares are publicly traded or their fair value can otherwise be measured reliably.

For quoted shares, the fair value is deemed to be the quoted bid price as at the balance sheet date. Investments in subsidiaries are measured at cost less impairment.

**2 Donations and grants**

	2023	2022
	£	£
<b>Restricted funds:</b>		
Vodafone Foundation	120,000	120,000
Arts Council of England	58,000	113,934
Cornwall Council	11,000	6,142
St Levan Methodist Charitable Trust	7,597	-
The National Archives	5,500	-
GCHQ	7,500	-
Royal Society	3,500	-
Grants from various sources listed below	2,250	3,738
UK Community Renewal Fund	-	20,000
COVID-19 funding		
- Arts Council England - Recovery Grant	-	16,400
Pilgrim Trust	-	9,312
	<u>215,347</u>	<u>289,526</u>

Donations from various sources include Cultivator Creative Investment Grant.

Included with unrestricted grants are the following government grants:

- HMRC - grants have been received totalling £nil (2022: £16,483) to help with furloughed staff whilst in a nationwide lockdown due to COVID-19.
- Cornwall Council - grants have been received totalling £nil (2022: £21,334). The local restrictions support grant has been issued to help businesses during the national lockdown and COVID-19 outbreak.

**3 Investment management costs**

	2023	2022
	£	£
Other expenses	<u>2,460</u>	<u>1,849</u>
	<u>2,460</u>	<u>1,849</u>

**4 Support and governance costs**

	2023	2022
	£	£
Staff costs	53,897	72,671
Premises and running expenses	357,330	327,251
Audit and accountancy	<u>7,300</u>	<u>9,550</u>
	<u>418,527</u>	<u>409,472</u>

**5 Staff costs**

	<b>2023</b>	2022
	<b>£</b>	<b>£</b>
Salaries and wages	<b>409,658</b>	456,370
Social Security	<b>22,849</b>	26,240
Pensions	<b>10,333</b>	11,316
	<b><u>442,840</u></b>	<b><u>493,926</u></b>
Average monthly headcount was	<b><u>33.0</u></b>	<b><u>31.0</u></b>

Trustees are not remunerated. A total of £793 was reimbursed or paid on behalf of directly incurred travel, accommodation and subsistence expenses to 3 trustees (2022 - £nil - 0 trustees) who travel to meetings from outside the area.

The charity operated an auto-enrolment compliant pension scheme in line with the current legislation.

The key management personnel of the charity comprise the Creative Director & CEO, Head of Finance & Resources, Head of Collections & Learning, Head of Visitor Services & Operations and Head of Communications & Development. The total employee benefits of the key management personnel of the charity were £172,287 (2022: £184,287) for year.

	<b>2023</b>	2022
£60,000 - £70,000	<b><u>-</u></b>	<b><u>1</u></b>

**6 Charitable expenditure**

Activity	Funded expenditure	Support and governance costs (see 1(e))	Total 2023	Total 2022
	£	£	£	£
Archive & Museum	<b>98,941</b>	<b>248,008</b>	<b>346,949</b>	339,629
Gift shop and café	-	<b>116,974</b>	<b>116,974</b>	188,907
Learning & participation	<b>93,052</b>	<b>53,545</b>	<b>146,597</b>	193,824
Maintenance	<b>34,692</b>	-	<b>34,692</b>	26,046
	<b><u>226,685</u></b>	<b><u>418,527</u></b>	<b><u>645,212</u></b>	<b><u>748,406</u></b>

**7 Taxation**

PK Porthcurno is a registered charity and the results of its normal activities are not liable to Corporation Tax. Activities which are not primary purpose trades are within the statutory limits prescribed by the statutory exemption for small trading.

**8 Intangible fixed assets**

	<b>Goodwill Exiles Club</b>	<b>Goodwill Telegraph Cottage</b>	<b>Total</b>
<b>Cost or valuation</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 31 March 2022	20,000	10,000	30,000
Additions	-	-	-
Disposal	-	-	-
<b>At 31 March 2023</b>	<b>20,000</b>	<b>10,000</b>	<b>30,000</b>
<b>Amortisation</b>			
At 31 March 2022	3,333	1,667	5,000
Charge for period	16,667	2,000	18,667
Amortisation on disposal	-	-	-
<b>At 31 March 2023</b>	<b>20,000</b>	<b>3,667</b>	<b>23,667</b>
<b>Net book value</b>			
<b>At 31 March 2023</b>	<b>-</b>	<b>6,333</b>	<b>6,333</b>
At 31 March 2022	16,667	8,333	25,000

**9 Tangible fixed assets**

	<b>Freehold land &amp; buildings</b>	<b>Permanent exhibitions</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Total</b>
<b>Cost or valuation</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 31 March 2022	5,674,696	745,504	272,912	6,693,112
Additions	-	18,786	10,648	29,434
Disposal	-	-	-	-
Transfer out	(235,000)	-	-	(235,000)
<b>At 31 March 2023</b>	<b>5,439,696</b>	<b>764,290</b>	<b>283,560</b>	<b>6,487,546</b>
<b>Depreciation</b>				
At 31 March 2022	1,435,886	257,977	239,654	1,933,517
Charge for period	48,912	38,214	10,354	97,480
Depn on disposal	-	-	-	-
<b>At 31 March 2023</b>	<b>1,484,798</b>	<b>296,191</b>	<b>250,008</b>	<b>2,030,997</b>
<b>Net book value</b>				
<b>At 31 March 2023</b>	<b>3,954,898</b>	<b>468,099</b>	<b>33,552</b>	<b>4,456,549</b>
At 31 March 2022	4,238,810	487,527	33,258	4,759,595

The predecessor charity was gifted various property in the Porthcurno valley by Cable & Wireless Plc. The trustees decided to recognise the value of certain buildings to the charity. Other land included in the conveyance has not been valued because of its unsuitability for sale on the open market, being mainly scrub and hillside land. Some interest has been expressed by local residents to acquire parcels of the land adjacent to residential property and the trustees will consider these on a case by case basis.

In October 2020, the former Superintendent's house, Mercury House, was valued by a local surveyor. It had been recognised in the accounts at a value of £880,000 but following that valuation, is now recognised at a value of £500,000.

Only the specific refurbishment of freehold property has been depreciated. This is because the estimated residual value of land and buildings is not considered to be materially different to the carrying value of the assets. Therefore, any depreciation charge would also be immaterial. This situation will be reviewed annually.

The fixtures and fittings include many small items of equipment which have been fully depreciated but are still in use within the charity.

If the freehold land and buildings had not been included at valuation, they would have been included under the historical cost convention as follows:

	<b>2023</b>	2022
	<b>£</b>	£
Cost	<b>3,939,695</b>	4,174,695
Accumulated depreciation	<b>(1,484,798)</b>	(1,435,886)
Net book value	<b><u>2,454,897</u></b>	<u>2,738,809</u>

A legal charge over the freehold property had been given to the National Heritage Memorial Fund to secure the repayment of a grant should it become repayable.

**10 Shares in subsidiary undertaking**

	<b>Issued Share Capital</b>	<b>Ownership</b>
Porthcurno Enterprises Limited	£10	100%
	<u>          </u>	<u>          </u>

The company is incorporated in England and Wales and its area of operation is the United Kingdom. The company's business is that of a charity trading company operating the car parks and public conveniences.

The profit before tax for the period ended 31 March 2023 was £51,642 (2022: £20,433) and the value of the equity and reserves at 31 March 2023 was £11,652 (2022: £19,057).

**11 Investments**

	<b>Investment Property</b>	<b>Investment Portfolio</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 April 2022</b>	-	454,387	454,387
Additions at cost	-	13,449	13,449
Disposals	-	(94,218)	(94,218)
Revaluation	-	(15,097)	(15,097)
Transfers	235,000	-	235,000
	<u>235,000</u>	<u>-</u>	<u>235,000</u>
<b>At 31 March 2023</b>	<b><u>235,000</u></b>	<b><u>358,521</u></b>	<b><u>593,521</u></b>

The investment property was purchased in June 2021. The trustees do not believe its valuation has materially altered since this date.

The cost of the above investment portfolio as at 31 March 2023 was £384,589 (2022:£475,215)



**12 Heritage property not recognised in the balance sheet**

The charity owns the original World War II communication centre, known as “the tunnels”, built in the hillside of Porthcurno in the 1940s. This property along with access, car parking area and a collection of historic telecommunications equipment, was gifted to the charity by The Eastern Telegraph Company Limited, a subsidiary of Cable & Wireless Plc.

There have been no acquisitions or disposals of heritage assets during the last five years.

The current insurance value for “the tunnels” is £1,850,000 on a replacement basis. The collection is insured to a value of £500,000 again on an estimated replacement basis, albeit that many of the items would now be irreplaceable.

<b>13 Debtors</b>	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>18,304</b>	36,293	<b>11,697</b>	36,293
Amounts owed by group undertakings	-	-	<b>9,052</b>	-
Other debtors	<b>12,695</b>	13,442	<b>9,381</b>	6,900
Prepayments and accrued income	<b>25,699</b>	33,375	<b>25,330</b>	33,005
	<b>56,698</b>	83,110	<b>55,460</b>	76,198
<b>14 Creditors: amounts falling due within one year</b>	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>29,408</b>	12,564	<b>28,655</b>	12,564
Other creditors including taxation	<b>11,925</b>	11,708	<b>11,075</b>	11,708
Accruals	<b>32,611</b>	14,527	<b>30,794</b>	12,513
Deferred income	<b>10,414</b>	4,065	<b>10,414</b>	4,065
	<b>84,358</b>	42,864	<b>80,938</b>	40,850

**15 Analysis of charitable funds - year ended 31 March 2023 - Group**

	<b>At 31 March 2022</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Gains and losses</b>	<b>At 31 March 2023</b>
Restricted funds	£	£	£			£
- Heritage Lottery Fund	1,032,648	-	40,748	-	-	991,900
- Vodafone Foundation	-	120,000	120,000	-	-	-
- Cornwall Council Culture Team	112,776	-	4,450	-	-	108,326
- DCMS/Wolfson Fund	271,700	-	13,175	-	-	258,525
- Clore Duffield Foundation	93,982	-	3,708	-	-	90,274
- Wilshaw Benevolent Trust	225,553	-	8,900	-	-	216,653
- Other funds	581,928	95,347	133,184	-	-	544,091
- Total restricted income funds	<u>2,318,587</u>	<u>215,347</u>	<u>324,165</u>	<u>-</u>	<u>-</u>	<u>2,209,769</u>
Unrestricted funds:						
- Unrestricted general funds	727,787	433,755	561,801	(64,831)	-	534,910
- PK Contingency Investment portfolio	308,787	-	-	64,831	(15,097)	358,521
- Revaluation reserve	1,500,000	-	-	-	-	1,500,000
- Investment property revaluation reserve	500,000	-	-	-	-	500,000
- Total unrestricted funds	<u>3,036,574</u>	<u>433,755</u>	<u>561,801</u>	<u>-</u>	<u>(15,097)</u>	<u>2,893,431</u>
	<u>5,355,161</u>	<u>649,102</u>	<u>885,966</u>	<u>-</u>	<u>(15,097)</u>	<u>5,103,200</u>

**Analysis of charitable funds - period ended 31 March 2023 - Charity only**

	<b>At 31 March 2022</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Gains and losses</b>	<b>At 31 March 2023</b>
Restricted funds	£	£	£			£
- Heritage Lottery Fund	1,032,648	-	40,748	-	-	991,900
- Vodafone Foundation	-	120,000	120,000	-	-	-
- Cornwall Council Culture Team	112,776	-	4,450	-	-	108,326
- DCMS/Wolfson Fund	271,700	-	13,175	-	-	258,525
- Clore Duffield Foundation	93,982	-	3,708	-	-	90,274
- Wilshaw Benevolent Trust	225,553	-	8,900	-	-	216,653
- Other funds	581,928	95,347	133,184	-	-	544,091
- Total restricted income funds	<u>2,318,587</u>	<u>215,347</u>	<u>324,165</u>	<u>-</u>	<u>-</u>	<u>2,209,769</u>
Unrestricted funds:						
- Unrestricted general funds	708,730	399,398	520,039	(64,831)	-	523,258
- PK Contingency Investment portfolio	308,787	-	-	64,831	(15,097)	358,521
- Revaluation reserve	1,500,000	-	-	-	-	1,500,000
- Investment property revaluation reserve	500,000	-	-	-	-	500,000
- Shares in subsidiary undertaking	10	-	-	-	-	10
- Total unrestricted funds	<u>3,017,527</u>	<u>399,398</u>	<u>520,039</u>	<u>-</u>	<u>(15,097)</u>	<u>2,881,789</u>
	<u>5,336,114</u>	<u>614,745</u>	<u>844,204</u>	<u>-</u>	<u>(15,097)</u>	<u>5,091,558</u>

**15 Analysis of charitable funds - year ended 31 March 2022 - Group**

	<b>At 31 March 2021</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Gains and losses</b>	<b>At 31 March 2022</b>
	£	£	£			£
Restricted funds						
- Heritage Lottery Fund	1,075,990	-	40,748	(2,594)	-	<b>1,032,648</b>
- Vodafone Foundation	-	120,000	120,000	-	-	-
- Cornwall Council Culture Team	117,226	-	4,450	-	-	<b>112,776</b>
- DCMS/Wolfson Fund	284,875	-	13,175	-	-	<b>271,700</b>
- Clore Duffield Foundation	97,690	-	3,708	-	-	<b>93,982</b>
- Wilshaw Benevolent Trust	242,898	-	8,900	(8,445)	-	<b>225,553</b>
- Other funds	630,071	169,526	244,910	27,241	-	<b>581,928</b>
- Total restricted income funds	<u>2,448,750</u>	<u>289,526</u>	<u>435,891</u>	<u>16,202</u>	<u>-</u>	<u><b>2,318,587</b></u>
Unrestricted funds:						
- Unrestricted general funds	47,776	1,180,527	484,314	(16,202)	-	<b>727,787</b>
- PK Contingency Investment portfolio	341,879	-	-	-	(33,092)	<b>308,787</b>
- Revaluation reserve	1,500,000	-	-	-	-	<b>1,500,000</b>
- Investment property revaluation reserve	500,000	-	-	-	-	<b>500,000</b>
- Total unrestricted funds	<u>2,389,655</u>	<u>1,180,527</u>	<u>484,314</u>	<u>(16,202)</u>	<u>(33,092)</u>	<u><b>3,036,574</b></u>
	<u><u>4,838,405</u></u>	<u><u>1,470,053</u></u>	<u><u>920,205</u></u>	<u><u>-</u></u>	<u><u>(33,092)</u></u>	<u><u><b>5,355,161</b></u></u>

**Analysis of charitable funds - period ended 31 March 2022 - Charity only**

	<b>At 31 March 2021</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Gains and losses</b>	<b>At 31 March 2022</b>
	£	£	£			£
Restricted funds						
- Heritage Lottery Fund	1,075,990	-	40,748	(2,594)	-	<b>1,032,648</b>
- Vodafone Foundation	-	120,000	120,000	-	-	-
- Cornwall Council Culture Team	117,226	-	4,450	-	-	<b>112,776</b>
- DCMS/Wolfson Fund	284,875	-	13,175	-	-	<b>271,700</b>
- Clore Duffield Foundation	97,690	-	3,708	-	-	<b>93,982</b>
- Wilshaw Benevolent Trust	242,898	-	8,900	(8,445)	-	<b>225,553</b>
- Other funds	630,071	169,526	244,910	27,241	-	<b>581,928</b>
- Total restricted income funds	<u>2,448,750</u>	<u>289,526</u>	<u>435,891</u>	<u>16,202</u>	<u>-</u>	<u><b>2,318,587</b></u>
Unrestricted funds:						
- Unrestricted general funds	49,152	1,154,358	478,578	(16,202)	-	<b>708,730</b>
- PK Contingency Investment portfolio	341,879	-	-	-	(33,092)	<b>308,787</b>
- Revaluation reserve	1,500,000	-	-	-	-	<b>1,500,000</b>
- Investment property revaluation reserve	500,000	-	-	-	-	<b>500,000</b>
- Shares in subsidiary undertaking	10	-	-	-	-	<b>10</b>
- Total unrestricted funds	<u>2,391,041</u>	<u>1,154,358</u>	<u>478,578</u>	<u>(16,202)</u>	<u>(33,092)</u>	<u><b>3,017,527</b></u>
	<u><u>4,839,791</u></u>	<u><u>1,443,884</u></u>	<u><u>914,469</u></u>	<u><u>-</u></u>	<u><u>(33,092)</u></u>	<u><u><b>5,336,114</b></u></u>

All restricted funds are raised and given for specific purposes and projects and are output related. These outputs incorporate fees, consultancies, project spend and implementation work. The conditions governing the income or grants restrict these funds and costs are allocated against the funded element available. Excess expenditure on such projects is met from unrestricted funds.

The charity's unrestricted funds can be used, with the approval of the trustees, to fund any expenditure relating to projects or general running costs which fall within the charity's general aims and objectives.

The restricted funds represent the residue of the initial grants and other funding received to finance the redevelopment of the museum and refurbish the heritage property and grounds donated as a permanent endowment.

## 16 Lease commitments

Total commitments under non-cancellable operating leases are as follows:

	Other	
	2023	2022
	£	£
Expiry date:		
- Within one year	27,620	1,789
- Between two and five years	31,723	1,711
	<u>59,343</u>	<u>3,500</u>

## 17 Related party transactions

CEO & Creative Director has use of accommodation in Mercury House as part of the terms of her employment contract.

Spouse of the CEO & Creative Director. Transactions totalling £2,985 (2022: £585) took place during the year in relation to exhibition research and curation and some employment. There were nil amounts outstanding as at 31 March 2023 (2022: £nil).

Three children of the CEO & Creative Director. Transactions totalling £24,149 (2022: £22,067) relating to employment (including employer's pension contributions and expenses) took place during the year. There were nil amounts outstanding as at 31 March 2023 (2022: £nil).

*Porthcurno Enterprises Ltd* - wholly owned subsidiary of the charity. As at 31 March 2023 the company owed £9,052 to the CIO (2022: £nil).