



Porthcurno

The Porthcurno Collections Trust

Trustee's Report and Financial Statements

Year ended 31st March 2017

Registered charity number 1062233

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Vision

Everyone communicates.

The technology behind communication has changed the world.

Mobiles, fibre optics, the World Wide Web, radio and television would not have been possible without the development of the telegraph and early wireless technology.

**We are here to tell part of this story; from the first use of electricity to how we communicate today.
How cable communication and early wireless technology came to change our perceptions and our everyday lives.**

Access & Learning - VISION

1. An internationally important site for communications and local history as well as a key destination in Cornwall for visitors
2. A regional centre of excellence for out-of-school science and technology learning where we inspire an interest in science
3. A high quality visitor experience that is educational, inspiring and accessible to all
4. A centre of an active programme of events and temporary exhibitions

Collections Management and Research - VISION

5. Maintaining the highest standards of collections care to a designated collection and keeping some of the collections working
6. Recognised research centre in communications and social history with an unique and complete collection of submarine cable technology

Sustainability - VISION

7. An active member of the local community that encourages local involvement in the activities and development of the museum
8. Working in partnership with others, to foster social, economic and environmental benefits for the trust and wider community
9. Sustainable and financially independent charity
10. Taking an active role in the strategic priorities and emerging issues locally, regionally and nationally

Legal and administrative information

Registered office and

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

Charity registration number: 1062233

Charity name:

The charity changed its name from the Cable & Wireless Porthcurno and Collections Trust to The Porthcurno Collections Trust on 1 April 2016.

VAT number: GB 699 4558 55

Trustees

The Trustee who served during the period was:

Porthcurno Limited Corporate Trustee appointed 12 March 1997

The directors of Porthcurno Ltd during the year under review were:

David Foot (Chairman until 6 December 2017)
Gareth Parry (Vice-chairman until 6 December 2017, Chairman from 6 December 2017)
Christopher Fyles (Treasurer, Vice-chairman from 6 December 2017)
Allan Blundell (resigned 6 December 2017)
Patrick Cowan
David Escott (resigned 6 December 2017)
Anita George
Janet Pascoe
Richard Perry (appointed 6 December 2017)
Brett Rolfe
Julie Seyler (appointed 6 December 2017)

Principal officers

The management team reports to the Board of the Corporate Trustee and is responsible for the overall management of the Trust.

The team of managers comprise:

Chairman: David Foot (until 6 December 2017)
 Gareth Parry (from 6 December 2017)

Treasurer: Christopher Fyles

Director: Tim Cooke

Secretary/Finance Manager: Patricia McCartney

The Chairman, Treasurer, Director and Secretary are responsible for managing the finances and administration of the Trust and for ensuring compliance with all legal obligations.

Legal and administrative information (continued)

Independent advisers

Solicitors:

Foot Anstey LLP
Senate Court
Southernhay Gardens
Exeter, Devon
EX1 1NT

Auditor:

Robinson Reed Layton LLP
Peat House
Newham Road
Truro
Cornwall, TR1 2DP

Bankers:

Barclays Bank plc
Bolitho's Bank
21 Coinagehall Street
Helston
Cornwall, TR13 8ET

Director's report

During the year we continued our focus on both increasing and broadening our public engagement across daily visitors, learning, outreach and digital. Across 2016/17, the Museum increased the number of individual engagements to more than 80,000 (80,592).

We continued to deliver a high-quality visitor experience on site as well as engaging and unique school workshops linked to the curriculum. We also delivered a range of informal learning events, an imaginative community participation programme and new digital activity through our website and social media streams. We organised a Physics Fiesta supported by the Institute of Physics and participated in the Golowan Festival in Penzance with science demonstrations.

2016/17 also represented the second year of the Arts Council England Major Partner Museum Programme, in association with Cornwall Museums Partnership. The programme supports our digitisation of the Cable & Wireless archive images, wider digital engagement, exhibition development, gallery enhancement, community engagement, inclusion activities and audience development. This enabled us to connect our collections, knowledge and activity with new audiences. The current funding scheme runs until March 2018.

We continued to work to prepare and plan for enhanced exhibitions inside the Tunnels with a focus on developing our World War Two interpretation and new fibre optics exhibition. This work will result in new interpretation during 2018.

We continued to enjoy support from the Vodafone Foundation during the year and this has been essential to supporting the museum's important and unique heritage and educational role.

We were also privileged to benefit from the active interest and support of many Friend and volunteers. Their knowledge and activity makes a significant difference to our work. We are privileged to have the passion and expertise of our staff in evidence on a daily basis and I am deeply grateful for all their endeavour. The support and vision of our Board also underpins all that we do.

Trustee's report

The Trustee is pleased to present its report together with the audited financial statements of the charity for the year ended 31 March 2017 and confirm that the latter comply with the requirements of the constitution and the Charities SORP 2015.

The Trust is a UK registered charity, number 1062233.

Structure, Governance and Management

Governing document

The governing document of the Trust is a deed dated 12th March 1997. The Trust is governed by individuals who report to the corporate trustee, Porthcurno Limited, a company limited by guarantee.

Director induction and training

Existing directors 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 directors may be appointed at any time (either by way of replacement or addition) by the existing directors.

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

A Governance Review was carried out in 2017 and the Trustee pack continues to be updated on a regular basis for the existing and new Directors.

Organisation

The board of directors of the Trustee meet quarterly and is responsible for the strategic direction of the Trust. The day to day responsibility for the running of the Trust rests with the Director and assistants who report to the board of the Trustee.

Risk Management

The Trustee has examined the major operational and financial risks that the Trust 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 Trust should those risks materialise.

Objectives and Activities

The Trust is an educational charity, established by Cable and Wireless plc in 1997. The objects of the charity; as contained in the trust deed 'shall be to advance the education of the public by preserving, restoring, maintaining and documenting for display to the general public; the tunnels, the collection and historical telecommunications equipment and associated artefacts buildings and documents.'

The Trust'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 Trust continues to increase the reputation of Porthcurno as an important centre for study and a valuable educational resource.

The Trustee considers that as an educational charity the Trust 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.

Trustee's report (continued)

Financial Review

In 2016/17 the Trust had incoming resources of £541,443. Of this total, £120,000 was provided by Vodafone Foundation. The Trust 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 Trust's educational activities. The funding has been important in maintaining the quality and range of educational activities offered by the Trust.

The remainder of the Trust's income is generated by: museum entrance fees £101,914, shop sales £36,266, café sales £53,482, property rentals £3,360, car park income £28,304, redevelopment grants £41,268, Friends £3,960, other project grants £114,440 from a variety of sources, interest £698 and other miscellaneous sources £37,752.

Reserves Policy

The net income for the year on unrestricted funds was £9,902. There was also a transfer of £16,827 from the unrestricted funds to the restricted funds relating to the match funding for the Major Partner Museum funding from Arts Council England and the reallocation of the depreciation and expenses on prior year projects between the restricted and unrestricted funds. These amounts have been added to and deducted from the balance of unrestricted income funds of £3,066 giving an accumulated deficit of £3,869 excluding amounts arising from the revaluation of fixed assets and investments. This deficit has been mitigated by the funding from the Cable & Wireless Wilshaw Benevolent Trust in June 2017 as detailed in note 20.

The trustee has 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' expenditure. The target reserves are £75,000.

The trustee monitors 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.

The Future

The Trust 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.

With support from the DCMS/Wolfson, the Arts Council through Cornwall Museum Partnership and the Royal Academy of Engineering we are in the process of improving the exhibition space in the war-time tunnels and further enhancing and updating our exhibits on optical fibre communication in Cornwall. In 2020 we will be able to celebrate 150 years of the installation of the first telegraph cable at Porthcurno that allowed Britain to communicate with India and later other parts of the British Empire.

Statement of Trustee's Responsibilities

The Trustee is responsible for preparing the Trustee's 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 Trustee 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 2015;
- 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 Trustee is 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 trust deed. 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 Trustee is aware:

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

Approved by the Trustee and signed on its behalf by:

Patricia McCartney
Secretary
22 January 2018

Independent auditor's report to the Trustee of The Porthcurno Collections Trust

We have audited the financial statements of The Porthcurno Collections Trust for the year ended 31st March 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Finance Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's Trustee, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might share with the charity's Trustee, those matters we are required to state to the trustee 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 Trustee, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Trustee and auditor

As explained more fully in the Trustee's Responsibilities Statement, the Trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under Section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st March 2017 and of its incoming resources and application of resources, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; 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 of the information and explanations we require for our audit.

Robinson Reed Layton LLP
Statutory Auditor
Peat House, Newham Road, Truro, Cornwall, TR1 2DP

Date:

Robinson Reed Layton LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of financial activities incorporating an income and expenditure account for the year ended 31 March 2017

	Note	Unrestricted funds	Restricted funds	Total	2016
		£	£	£	£
Income					
Donations:					
- Donations	3	3,426	120,070	123,496	124,310
- Subscriptions and other gifts		26,026	-	26,026	27,457
Charitable activities:					
- Grants	3	-	155,638	155,638	132,721
- Service contracts		7,000	-	7,000	127,000
- Car parking		28,304	-	28,304	25,386
Other:					
- Insurance claim		-	-	-	9,885
Other trading activities:					
- Museum entrance fees		101,914	-	101,914	107,045
- Gift shop income		36,266	-	36,266	35,394
- Café income		53,482	-	53,482	62,412
- Other activities		5,259	-	5,259	3,290
Investments:					
- Interest received		698	-	698	1,165
- Property rentals and services		3,360	-	3,360	17,993
Total income		265,735	275,708	541,443	674,058
Expenditure					
Raising funds:					
- Cost of raising funds		43,311	-	43,311	37,387
- Cost of goods sold and other costs		36,313	-	36,313	39,224
- Investment management costs	4	10,639	-	10,639	53,292
Charitable activities:					
- Service contracts	7	7,000	-	7,000	127,000
- Other activities	5 & 7	158,570	338,525	497,095	478,875
- Depreciation of assets		-	125,106	125,106	125,318
Total expenditure		255,833	463,631	719,464	861,096
Net (expenditure)/income		9,902	(187,923)	(178,021)	(187,038)
Transfer between funds		(16,827)	16,827	-	-
Net movement in funds		(6,925)	(171,096)	(178,021)	(187,038)
Reconciliation of funds:					
Total funds brought forward at 31 March 2016		2,383,066	2,650,374	5,033,440	5,220,478
Total funds as at 31 March 2017		2,376,141	2,479,278	4,855,419	5,033,440

A reconciliation of the movement in funds is given in note 15. There were no acquisitions or discontinued operations within the Trust for the years to 31 March 2017 or 31 March 2016.

Comparative information of the prior year statement of financial activities for the separate classes of funds is given at note 2.

Balance sheet at 31 March 2017

	<i>Note</i>	Unrestricted Funds	Restricted Funds	2017 Total Funds	2016 Total Funds
		£	£	£	£
Fixed assets					
Tangible assets	9	1,500,001	2,479,278	3,979,279	4,075,550
Investment property	11	880,000	-	880,000	880,000
Shares in subsidiary undertaking	10	10	-	10	-
Total fixed assets		2,380,011	2,479,278	4,859,289	4,955,550
Current assets					
Stock for resale		15,101	-	15,101	9,491
Debtors	13	26,329	36,554	62,883	217,844
Cash at bank and in hand		70,818	49,149	119,967	196,449
Total current assets		112,248	85,703	197,951	423,784
Creditors: amounts falling due within one year	14	76,118	85,703	161,821	345,894
Net current assets		36,130	-	36,130	77,890
Total assets less current liabilities		2,416,141	2,479,278	4,895,419	5,033,440
Creditors: amounts falling due after more than one year	15	40,000	-	40,000	-
Net assets		2,376,141	2,479,278	4,855,419	5,033,440
The funds of the charity:					
Restricted funds					
- Restricted funds		-	2,479,278	2,479,278	2,650,374
Unrestricted funds:					
- Unrestricted income funds		(3,869)	-	(3,869)	3,066
- Revaluation reserve		1,500,000	-	1,500,000	1,500,000
- Investment property revaluation reserve		880,000	-	880,000	880,000
- Shares in subsidiary undertaking		10	-	10	-
Total charity funds	16	2,376,141	2,479,278	4,855,419	5,033,440

The notes on pages 13 to 26 form part of these financial statements.

Chairman
Gareth Parry

Director
Christopher Fyles

Statement of cash flows as at 31 March 2017

	<i>Note</i>	2017	2016
		£	£
Cash flows from operating activities:			
- Net cash provided by operating activities	<i>1</i>	(41,066)	102,847
Cash flows from investing activities:			
- Dividends, interest and rents from investments		(6,581)	(34,134)
- Purchase of property, plant and equipment		(28,835)	(1,635)
Net cash used on investing activities		(35,416)	(35,769)
Change in cash and cash equivalents in the reporting period		(76,482)	67,078
Cash and cash equivalents at the beginning of the reporting period		196,449	129,371
Cash and cash equivalents at the end of the reporting period	<i>2</i>	119,967	196,449

Notes to the Statement of cash flows

Note 1 - Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2017	2016
	£	£
Net (expenditure)/income for the year ended 31 March 2017	(178,021)	(187,038)
Adjustments for:		
- Depreciation charges	125,106	125,318
- Dividends, interest and rents from investments	6,581	34,134
- Increase in stocks	(5,610)	(1,392)
- Decrease in debtors	154,961	296,051
- Decrease in creditors	(144,073)	(164,226)
- Non exchange transactions	(10)	-
Net cash (used)/provided by operating activities	(41,066)	102,847

Note 2 - Analysis of cash and cash equivalents

	2017	2016	Change in year
	£	£	£
Cash in hand	119,967	196,449	(76,482)
Total cash and cash equivalents	119,967	196,449	(76,482)

Notes (forming part of the financial statements)

1 Summary of significant accounting policies

(a) General information and basis of preparation

The Porthcurno Collections Trust is a registered charity 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) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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 £7,000. 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 7.

(f) 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 Trust 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. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

(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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) Leases

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

(q) 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.

(r) 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.

(s) 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.

(t) Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustee is 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.

2 Statement of financial activities incorporating an income and expenditure account for the prior year ended 31 March 2016

	<i>Note</i>	Unrestricted funds £	Restricted funds £	Total £
Income				
Donations:				
- Donations	3	4,209	120,101	124,310
- Subscriptions and other gifts		27,457	-	27,457
Charitable activities:				
- Grants	3	-	132,721	132,721
- Service contracts		7,000	120,000	127,000
- Car parking		25,386	-	25,386
Other:				
- Insurance claim		9,885	-	9,885
Other trading activities:				
- Museum entrance fees		107,045	-	107,045
- Gift shop income		35,394	-	35,394
- Café income		62,412	-	62,412
- Other activities		3,290	-	3,290
Investments:				
- Interest received		1,165	-	1,165
- Property rentals and services		17,993	-	17,993
Total income		301,236	372,822	674,058
Expenditure				
Raising funds:				
- Cost of raising funds		37,387	-	37,387
- Cost of goods sold and other costs		39,224	-	39,224
- Investment management costs	4	53,292	-	53,292
Charitable activities:				
- Service contracts	7	7,000	120,000	127,000
- Other activities	5 & 7	198,128	280,747	478,875
- Depreciation of assets		-	125,318	125,318
Total expenditure		335,031	526,065	861,096
Net expenditure		(33,795)	(153,243)	(187,038)
Transfer between funds		(29,560)	29,560	-
Net movement in funds		(63,355)	(123,683)	(187,038)
Reconciliation of funds:				
Total funds brought forward at 31 March 2015		2,446,421	2,774,057	5,220,478
Total funds as at 31 March 2016		2,383,066	2,650,374	5,033,440

3 Donations

	2017 £	2016 £
Restricted funds:		
Capital Project funding:		
- Heritage Lottery Fund	32,141	24,298
- Wilshaw Benevolent Trust	2,824	9,315
- Arts Council of England	1,641	3,763
- DCMS/Wolfson Museums & Galleries Development Fund	1,337	3,066
- Coastal Communities	1,731	2,474
- Vodafone plc	1,086	1,553
- Grants from various sources lists below	438	662
- Private donations	70	101
Arts Council of England	88,386	69,020
HLF Catalyst	-	9,070
Cornwall Council	7,000	7,000
The Headley Trust	9,027	-
Porthcurno Coastal Community Trust	9,027	2,500
Education	1,000	-
Vodafone Foundation	120,000	120,000
	<u>275,708</u>	<u>252,822</u>

Grants from various sources include Cornwall Council Culture Team, Clore Duffield Foundation, Trusthouse Charitable Foundation, The Headley Trust Foundation, Cable & Wireless plc, Garfield Weston, Sharegift, Edith Murphy Foundation and Charles Hayward Foundation

4 Investment management costs

	2017 £	2016 £
Premises expenses	10,639	19,627
Other expenses	-	33,665
	<u>10,639</u>	<u>53,292</u>

5 Support and governance costs

	2017 £	2016 £
Staff costs	44,046	65,950
Premises and running expenses	114,605	130,679
Trustee expenses	3,819	5,499
Audit and accountancy	3,100	3,000
	<u>165,570</u>	<u>205,128</u>

6 Staff costs

	2017 £	2016 £
Salaries and wages	298,786	368,897
Social Security	17,261	21,868
Pensions	5,147	2,693
	321,194	393,458
Average monthly headcount was	25.0	28.5

There was one employee whose total remuneration fell between £80,000 and £90,000 during the reporting year. Directors of the Trustee are not remunerated. A total of £3,819 was reimbursed or paid on behalf of directly incurred travel, accommodation and subsistence expenses to 5 directors (2016 - £5,499 - 5 directors) who travel to meetings from outside the area.

The Trustee operated a stakeholder pension fund for all employees who wish to join. The Trust makes an employer's contribution to the fund of 2.5 percent of an individual's salary. At year end, £333 was included in creditors and paid shortly after year end.

The key management personnel of the Trust comprise the Director, Finance & Administration Manager, Visitor Services Manager, Learning & Interpretation Manager, Collections Manager and Acting Collections Manager. The total employee benefits of the key management personnel of the Trust were £160,509 (2016: £184,635)

7 Charitable expenditure

Activity	Funded expenditure	Support and governance costs (see 1(e))	Total	Total 2016
	£	£	£	£
Archive & Museum	209,254	24,479	233,733	342,256
Gift shop and café	-	74,652	74,652	85,401
Education	82,192	66,439	148,631	131,468
Maintenance	47,079	-	47,079	42,938
Other (repairs covered by insurance)	-	-	-	3,812
	338,525	165,570	504,095	605,875

8 Taxation

The Trust has been granted exemption from UK corporation tax by virtue of its charitable status. Activities which are not primary purpose trades are within the statutory limits prescribed by the statutory exemption for small trading.

9 Tangible fixed assets

	Freehold land & buildings	Permanent exhibitions	Fixtures, fittings & equipment	Total
Cost or valuation	£	£	£	£
At 31 March 2016	4,656,150	500,871	245,841	5,402,862
Additions	-	22,873	5,962	28,835
Disposal	-	-	(12,300)	(12,300)
At 31 March 2017	4,656,150	523,744	239,503	5,419,397
Depreciation				
At 31 March 2016	1,060,337	58,270	208,705	1,327,312
Charge for year	87,379	25,139	12,344	124,862
Depn on disposal	-	-	(12,056)	(12,056)
At 31 March 2017	1,147,716	83,409	208,993	1,440,118
Net book value				
At 31 March 2017	3,508,434	440,335	30,510	3,979,279
At 31 March 2016	3,595,813	442,601	37,136	4,075,550

The Trust was gifted various property in the Porthcurno valley by Cable & Wireless Plc. The Trustee decided to recognise the value of certain buildings to the Trust. 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 Trustee will consider these on a case by case basis.

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:

	2017	2016
	£	£
Cost	3,156,149	3,156,149
Accumulated depreciation	1,147,716	1,060,337
Net book value	2,008,433	2,095,812

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

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

Porthcurno Limited transferred the shares to the Trust on 9 March 2016 for nil consideration.

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 and is currently dormant.

The loss before and after tax for the year ended 30 June 2016 was a loss before and after tax of £13, (2015 loss before and after tax £13) and the value of the equity and reserves at 30 June 2016 was £(124) (2015 - £(111)).

11 Investment property

Cost or valuation	£
At 31 March 2016	880,000
Additions	<u>-</u>
At 31 March 2017	<u>880,000</u>
Depreciation	
At 31 March 2016	-
Charge for year	<u>-</u>
At 31 March 2017	<u>-</u>
Net book value	
At 31 March 2017	<u>880,000</u>
At 31 March 2016	<u>880,000</u>

The Trust was gifted the investment property by Cable & Wireless plc. This was valued by local chartered surveyors in June 2011 at a value of £880,000. The Trustee, under the current chairman Mr David Foot, has considered the carrying valuation of investment property at 31st March 2017, and has decided that no further revaluation is required.

If investment property had not been revalued, it would have been included at no cost as it was originally gifted to the charity by Cable & Wireless plc.

12 Heritage property not recognised in the balance sheet

The Trust owns the original World War II communication centre, known as “the tunnels”, built in the hillside of Porthcurno in the 1940’s. This property along with access, car parking area and a collection of historic telecommunications equipment, was gifted to the Trust 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.

13 Debtors

	2017 £	2016 £
Trade debtors	17,595	131,121
Other debtors	6,627	5,061
Prepayments and accrued income	<u>38,661</u>	<u>81,662</u>
	<u>62,883</u>	<u>217,844</u>

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	64,153	50,177
Other creditors including taxation	8,357	5,887
Accruals	6,077	7,351
Deferred income	33,234	132,479
Concessionary loan	<u>50,000</u>	<u>150,000</u>
	<u>161,821</u>	<u>345,894</u>

15 Creditors: amounts falling due after more than one year

	2017	2016
Concessionary loan	<u>40,000</u>	<u>-</u>
	<u>40,000</u>	<u>-</u>

The charity was provided with a £150,000 loan facility to enable it to cash flow the redevelopment works while still operating the Museum facility. Part of this loan remained outstanding at the Balance Sheet date and is shown in creditors as a concessionary loan. The repayment terms have been agreed over a period of 3 years.

	£
Total loan at 31 March 2017	90,000
Less: amount falling due within one year (note 14)	<u>(50,000)</u>
Amounts falling due in more than one year	<u>40,000</u>

16 Analysis of charitable funds

	At 31 March 2016 £	Incoming resources £	Resources expended £	Transfers	At 31 March 2017 £
Restricted funds					
- Heritage Lottery Fund	1,383,118	32,141	40,748	(138,123)	1,236,388
- Vodafone Foundation	-	120,000	120,000	-	-
- Cornwall Council Culture Team	149,959	41	4,450	(10,524)	135,026
- DCMS/Wolfson Fund	223,663	1,337	6,675	(15,786)	202,539
- Clore Duffield Foundation	124,896	104	3,708	(8,770)	112,522
- Wilshaw Benevolent Trust	293,482	2,824	8,900	(17,354)	270,052
- Other funds	475,256	119,261	279,150	207,384	522,751
- Total restricted income funds	<u>2,650,374</u>	<u>275,708</u>	<u>463,631</u>	<u>16,827</u>	<u>2,479,278</u>
Unrestricted funds:					
- Unrestricted income funds	3,066	265,725	255,833	(16,827)	(3,869)
- Revaluation reserve	1,500,000	-	-	-	1,500,000
- Investment property revaluation reserve	880,000	-	-	-	880,000
- Shares in subsidiary undertaking	-	10	-	-	10
- Total unrestricted funds	<u>2,383,066</u>	<u>265,735</u>	<u>255,833</u>	<u>(16,827)</u>	<u>2,376,141</u>
	<u><u>5,033,440</u></u>	<u><u>541,443</u></u>	<u><u>719,464</u></u>	<u><u>-</u></u>	<u><u>4,855,419</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 Trust's unrestricted funds can be used, with the approval of the Trust's Board, to fund any expenditure relating to projects or general running costs which fall within the Trust'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.

17 Lease commitments

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

	Other	
	2017 £	2016 £
Expiry date:		
- Within one year	2,468	2,468
- Between two and five years	<u>6,377</u>	<u>8,845</u>
	<u><u>8,845</u></u>	<u><u>11,313</u></u>

18 Related party transactions

Wilshaw Benevolent Trust – Porthcurno Ltd is also the corporate trustee of this trust. The Trust also charged Wilshaw Benevolent Trust £7,384 (2016: £7,000) for services and recharges.

Porthcurno Enterprises Limited – The Porthcurno Collections Trust is the sole shareholder of this company. Expenses totalling £13 (2016: £13) were paid by the Trust on behalf of the company. As at 31 March 2017 the company owed £124 (2016: £111) to the Trust.

19 Ultimate controlling party

The ultimate controlling party of The Porthcurno Collections Trust are the directors of Porthcurno Ltd. Details of the directors can be found within those financial statements.

20 Events after the reporting period

The Cable & Wireless Wilshaw Benevolent Trust agreed on 28 June 2017 to transfer £500,000 to The Porthcurno Collections Trust Charity Multi Asset Fund to be used to support the archive and educational work undertaken at the Wilshaw Building. The release of funds is controlled by Porthcurno Limited with a maximum drawdown limit of £100,000 per year. The transfer was made on 13 July 2017.