

REGISTERED COMPANY NUMBER: 03490480 (England and Wales)
REGISTERED CHARITY NUMBER: 1070073

**REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
HAY FESTIVAL FOUNDATION LIMITED**

Watts Gregory LLP
Chartered Accountants
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

HAY FESTIVAL FOUNDATION LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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HAY FESTIVAL FOUNDATION LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2020. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objectives of the trust are as follows:

- a) to further the education and learning of the people of both the United Kingdom of Great Britain and Northern Ireland and other countries around the world in the art of science of literature, poetry and all other forms of artistic expression, in particular by promoting public festivals, shows, readings and fairs in both the United Kingdom of Great Britain and Northern Ireland and such other countries as the Board of Trustees may decide from time to time are suitable and appropriate.
- b) to promote study and research in literature and poetry and all other forms of artistic expression throughout the world and in such countries as the Board of Trustees may decide from time to time are suitable and appropriate provided that the results of such research shall be published.
- c) to promote excellence in literature and poetry and all other forms of artistic expression throughout the world and in particular (but without prejudice to the generality of the above) to award medals and/or prizes in furtherance of this object, and
- d) to promote or develop for the benefit of the people of both the United Kingdom of Great Britain and Northern Ireland and other countries around the world the art or science of literature and poetry and all other forms of artistic expression and likewise to promote and develop the improvement of literature, poetry and other forms of artistic expression within both the United Kingdom of Great Britain and Northern Ireland and such other countries around the world as the Board of Trustees may decide from time to time are suitable and appropriate.

Significant activities

For over 30 years Hay has brought readers and writers together to share stories and ideas in live sustainable events around the world, reaching millions of people across five continents. The festivals inspire, examine and entertain.

The Hay Festival Foundation was created to support the aims of the Festival in Britain and internationally, bringing people of all ages together. The Foundation is committed to access and inclusion and the pursuit of excellence and happiness.

During the year the charity supported many educational and literary projects within the trusts objectives and made grants to the Hay Festival of Literature and the Arts Limited to the total of £148,629 (2019 - £218,500) to support the following initiatives:

Programme for Schools

The Programme for Schools was fully programmed and almost fully booked when the first lockdown forced cancellation of the physical festival. The Programme was therefore reimagined as a digital offer and the 2017-2019 archive was made available free for teachers, parents and pupils to access for home learning.

55,241 teachers, parents, carers and pupils viewed the digital Programme for Schools between 18th & 31st May 2020, a 225% increase on 2019's live and streamed attendances. In addition to this, there were 30,954 visits to the archive.

HAYDAYS

The children's and families programme offered a small number of online events during 2020.

Winter weekend

The Foundation supported Hay Festival of Literature & the Arts Ltd to produce its Winter Weekend festival in November 2020. The charity's support allowed The Festival to offer the programme free, so maximising reach and accessibility.

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

HAY FESTIVAL FOUNDATION LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

OBJECTIVES AND ACTIVITIES

Grant making

The foundation makes grants payable to the Hay Festival of Literature and the Arts Ltd as noted above at the discretion of the Board of Trustees.

FINANCIAL REVIEW

Financial position

The charity received income of £427,485 in the year (2019 - £274,033) and made expenditure of £185,409 (2019 - £233,771). The net income for the year was £242,076 (2019 - £40,260).

Included in expenditure noted above as grants made to Hay Festival of Literature and the Arts Limited totalling £148,629 (2019 - £218,500) along with a grant made to Hay on Wye Library of £5,000 (2019 - £Nil).

At 31 December 2020, there were unrestricted funds of £297,627 (2019 - £55,551). There were no restricted funds.

Reserves policy

The trustees recognise the importance of maintaining a realistic level of unrestricted reserves to ensure that adequate funds are available to enable the charity to continue in its activities in the event of a drop in funding or a significant event.

Currently the optimum level is considered to be six months expenditure. Trustees had planned to review the reserves policy in the year but given the unprecedented events of the year, this review has been delayed. It is recognised however that the current target of six months' expenditure should relate to the running costs of the charity and not include grants, which are made at trustees' discretion. Annual support costs are expected to be in the region of £70,000 to £80,000 which would suggest reserves in the region of £40,000. Our current level of unrestricted reserves stands at £297,627 which is significantly more than this target but the trustees consider this to be prudent, given the ongoing uncertainty caused by the pandemic, and Hay Festival of Literature & the Arts Limited's plans to review its strategy in the coming year.

The trustees recognise that it may be necessary for the level of reserves to exceed or fall below target levels in the event of a significant variation in income or to bridge shortfalls in working capital and will continue to invest in ways of creating unrestricted resources in order to achieve greater impact and to provide greater stability to organisations.

FUTURE PLANS

The Covid-19 pandemic continues to cause uncertainty in the festivals and events industry in particular, and while many have adapted to new digital platforms, the future remains uncertain. The charity raises most of its funds through memberships and donations and while memberships fell during 2020, donations from supporters increased. Hay Festival Foundation, in common with many charities, launched special appeals for support to offset the impacts of the pandemic, and although support during the year has been extraordinary, the sector is reporting an expected reduction in donations during 2021.

The charity will continue to support the Hay Festival educational and literacy projects and programme for children, young people and families, together with outreach activities in the Hay Festival's international destinations as they return to 'in-person' events.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is registered as a charitable company, limited by guarantee. The governing documents are its Memorandum and Articles of Association, as amended by special resolution dated 4 June 2016. The governing documents were reviewed during 2020 and updated to reflect current legislation and best practice.

Recruitment and appointment of new trustees

The management of the charitable company is the responsibility of the trustees, who are elected and co-opted under the terms of the Articles of Association. The selection and recruitment of new trustees is the responsibility of the full Board. New trustees are proactively recruited to meet any skills gaps as identified by the Board.

Induction and training of new trustees

Each new trustee receives an induction pack setting out their legal obligations under charity and company law, the content of the memorandum and articles of association and copies of minutes of recent meetings. New trustees are also given a briefing on the work of the Board and any individual projects as part of their induction. When appropriate, training sessions are open to Board members where the training is considered useful to their role.

HAY FESTIVAL FOUNDATION LIMITED

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

The trustees intend to review the risk management policy for the charity during 2021.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

03490480 (England and Wales)

Registered Charity number

1070073

Registered office

Festival Office 25 Lion Street

Hay-on-Wye

HR3 5AD

Trustees

D Jones

Chair

R M Boycott

C J Michel

M Saatchi

A V Sherwood

Resigned 19.10.20

N K Gowing

N K A Jones

Company Secretary

C E Slater

Independent Examiner

Watts Gregory LLP

Chartered Accountants

Elfed House

Oak Tree Court

Cardiff Gate Business Park

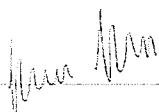
CARDIFF

County of Cardiff

CF23 8RS

3 September 2021

Approved by order of the Board of Trustees on and signed on its behalf by:



.....
D Jones - Chair

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
HAY FESTIVAL FOUNDATION LIMITED**

Independent examiner's report to the trustees of Hay Festival Foundation Limited ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 December 2020.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

Since your charity's gross income exceeded £250,000 your examiner must be a member of a listed body. I can confirm that I am qualified to undertake the examination because I am a registered member of ACCA which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Julia Mortimer FCCA
Watts Gregory LLP
Chartered Accountants
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

20 September 2021

HAY FESTIVAL FOUNDATION LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020 Unrestricted fund £	2019 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies	3	427,170	273,843
Investment income	4	<u>315</u>	<u>190</u>
Total		427,485	274,033
EXPENDITURE ON			
Raising funds		-	8,916
Charitable activities			
Support of Hay Festival of Literature and The Arts		180,409	224,855
Support of Hay on Wye library		<u>5,000</u>	<u>-</u>
Total		185,409	233,771
Net gains/(losses) on investments		<u>-</u>	<u>(2)</u>
NET INCOME		242,076	40,260
RECONCILIATION OF FUNDS			
Total funds brought forward		<u>55,551</u>	<u>15,291</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>297,627</u></u>	<u><u>55,551</u></u>

The notes form part of these financial statements

HAY FESTIVAL FOUNDATION LIMITED

**BALANCE SHEET
31 DECEMBER 2020**

	Notes	2020 Unrestricted fund £	2019 Total funds £
CURRENT ASSETS			
Debtors	11	219,767	312,043
Cash at bank		<u>394,105</u>	<u>61,973</u>
		613,872	374,016
CREDITORS			
Amounts falling due within one year	12	(316,245)	(318,465)
NET CURRENT ASSETS		<u>297,627</u>	<u>55,551</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		297,627	55,551
NET ASSETS/(LIABILITIES)		<u>297,627</u>	<u>55,551</u>
FUNDS			
Unrestricted funds		<u>297,627</u>	<u>55,551</u>
TOTAL FUNDS		<u>297,627</u>	<u>55,551</u>

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


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

The trustees acknowledge their responsibilities for

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

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

The financial statements were approved by the Board of Trustees and authorised for issue on 3 September 2021 and were signed on its behalf by:


D Jones - Chair

The notes form part of these financial statements

1. STATUTORY INFORMATION

Hay Festival Foundation is a registered charity and private company limited by guarantee having no share capital. It is incorporated in Wales in the United Kingdom. The registered office is The Drill Hall, 25 Lion Street, Hay-on-Wye, HR3 5AD. The nature of the charitable company's operations and principal activities are disclosed within the Report of the Trustees.

The financial statements are presented in Sterling (£), the charitable company's functional currency, and rounded to the nearest pound.

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.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

There have been no material departures from Financial Reporting Standard 102.

Going concern

No material uncertainties exist relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

The trustees are satisfied that despite the Coronavirus pandemic, it is appropriate for the charity's financial statements to be prepared on a going concern basis. The pandemic has resulted in a number of uncertainties arising and the trustees have taken steps to minimise the effect on the charity and will continue to do so. In the circumstances they have concluded that no adjustments or additional disclosures are required to the financial statements at this time.

At the end of 2020 the charity held unrestricted reserves of £297,627. Support and governance costs are held as low as possible all remaining expenditure on grants that are made at the discretion of the trustees. Reserves held therefore are sufficient to cover all non-discretionary expenditure in the coming year.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

This includes capital grants.

Donations and legacies income

Donations and legacies income includes donations, gifts and grants that provide core funding or are of a general nature and are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies it must be used in future accounting periods or the donor has imposed conditions which must be met before the charity has unconditional entitlement.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**2. ACCOUNTING POLICIES - continued****Expenditure**

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade debtors and other debtors are recognised at the settlement amount due and prepayments are valued at the amount prepaid.

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Fixed asset investments

Fixed asset investments are recorded at cost less any provision required for diminution in value.

3. DONATIONS AND LEGACIES

	2020	2019
	£	£
Membership income	89,330	121,760
Donations	285,829	126,061
Gift aid	<u>52,011</u>	<u>26,022</u>
	<u>427,170</u>	<u>273,843</u>

4. INVESTMENT INCOME

	2020	2019
	£	£
Deposit account interest	<u>315</u>	<u>190</u>

5. GRANTS PAYABLE

	2020	2019
	£	£
Support of Hay Festival of Literature and The Arts	148,629	218,500
Support of Hay on Wye library	<u>5,000</u>	<u>-</u>
	<u>153,629</u>	<u>218,500</u>

The charity made grants of £148,629 (2019 - £218,500) to Hay Festival of Literature and the Arts Limited.

HAY FESTIVAL FOUNDATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. SUPPORT COSTS

	Finance £	Other £	Governance costs £	Totals £
Support of Hay Festival of Literature and The Arts	<u>203</u>	<u>23,353</u>	<u>8,224</u>	<u>31,780</u>

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2020 £	2019 £
Independent Examiner fees	<u>2,295</u>	<u>2,295</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2020, or for the year ended 31 December 2019.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2020, or for the year ended 31 December 2019.

9. STAFF COSTS

The charity has no employees.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

All income and expenditure in the year ended 31 December 2019 was unrestricted.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	1,917	5,925
Gift aid recoverable	5,032	1,509
Prepayments and accrued income	<u>212,818</u>	<u>304,609</u>
	<u>219,767</u>	<u>312,043</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade creditors	-	1,622
VAT	1,295	2,990
Accruals and deferred income	<u>314,950</u>	<u>313,853</u>
	<u>316,245</u>	<u>318,465</u>

Included within accruals and deferred income above is the following deferred income:

	2020	2019
	£	£
Benefactor membership in advance	11,111	10,000
Grant funding	<u>301,544</u>	<u>301,544</u>
	<u>312,655</u>	<u>311,544</u>

The deferred income relates to income received in advance of project or service delivery.

The movement on the benefactor membership in advance comprises of a release to the Statement of Financial Activities from the brought forward deferral of £2,500 along with a new deferral for 2020 of £3,611.

13. RELATED PARTY DISCLOSURES

A trustee of the Foundation is also a director of Hay Festival of Literature and the Arts Limited. The Hay Foundation was created to support the aims of the Hay Festival and the Foundation undertakes its charitable activities through this company and as such it is considered to be a related party.

During the year, grants payable of £148,629 (2019 - £218,500) were paid to Hay Festival of Literature and the Arts Limited.

During the year, support services of £18,385 (2019- £Nil) were paid to Hay Festival of Literature and the Arts Limited.

As at 31 December 2020 the following balances were due (to)/from the Hay Festival of Literature and the Arts Limited:

	31.12.20	31.12.19
	£	£
Trade debtor balance	-	3,825
Accrued income - membership income	12,745	4,536
Accrued income - grant payable to be returned	200,000	300,000
Trade creditor balance	-	(1,622)

The total membership income given to the charity by its trustees amounted to £Nil (2019 - £5,000).