

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
HAY FESTIVAL FOUNDATION LIMITED

MHA
Chartered Accountants & Statutory Auditors
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 2022**

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HAY FESTIVAL FOUNDATION LIMITED

REPORT OF THE CHAIR FOR THE YEAR ENDED 31 DECEMBER 2022

Chair's Introduction – Year to 31 December 2022

I am delighted to welcome you to our 2022 Annual Report. This has been an important year for Hay Festival Foundation Ltd (HFF Ltd.) which has been formally established as a fully operational charity overseeing the whole organisation (February 2022). Our governance restructure is a significant turning point for Hay Festival, as a charity, our purpose is very much at the centre everything that we achieve.

Our objective is to originate, innovate and explore independent thought, through ideas and new narratives, convening the best minds to present multiple perspectives and engage with the public. We debate important issues, explore culture and the arts, and present the broadest range of expertise and research. Through our public engagement, learning and participation (UK and international) we promote excellence in literature and artistic expression. We achieve our objectives through our public programme; festivals, learning, and outreach, and working with private, public, and charitable organisations, both funders and partners. We are proud of our work during 2022. Hay Festival delivered sixty-five in person event days across eight nations, streaming and engaging globally whilst collaborating with diverse communities in accessible and inclusive ways across the world.

To meet our objectives, post Covid recovery remained a huge challenge, we endeavoured to reimagine the Hay Festival model, to ensure that it is built on relevance and a fiscally stable structure. As we look to the future, we will build and develop audiences in unfamiliar places in new ways. Recovery remained an enduring challenge throughout 2022, as we traversed a demanding external environment under the new leadership of our recently appointed CEO, Julie Finch.

After a two-year hiatus of live events, inviting audiences back to all festivals post Covid was a priority, drawing on our independence, partnering and audience reach. During the pandemic period (2020-2021), Hay Festival pivoted successfully to digital formats. Our enthusiasm and warmth in welcoming audience back to our festivals was palpable. Beginning with Jericho, Medellin, and Cartagena (Colombia), followed by our flagship festival in Hay on Wye, Wales, we then moved onto Queretaro (Mexico), Segovia (Spain); to our new Lviv BookForum digital partnership (Ukraine) an important achievement for 2022; we then finalised the year with Hay Festivals in Arequipa (Peru) and the Welsh Winter Weekend.

Our education activity was experienced across the world. With the Scribblers 2022 and Scribblers Cymraeg Tours 2022, we delivered a three-week education programme in English and Welsh across Wales. Other notable Hay Festival projects included the Beacons Project, Hay Days and Hay Academy in the UK. Internationally, our education and participation projects included Hay Joven and Hay Delegaciones in Latin America, and a community programme over 9 months leading up to the festival in Segovia. Our work with communities, children and young people is more important than before. We continue to reach out to communities who have not yet taken part through in person festival activity or participation in specific projects across global territories, and in the UK.

Each year there are a wide range of projects that punctuate the year. During 2022, Hannan Issa the Hay Festival International Fellow, attended Hay Festival Segovia. Medals were awarded to exceptional artists during Hay Festival Wales. We partnered with the British Museum and published Untold Microcosms, fiction based on objects exploring post-colonial society and decolonisation; the Kew Platform, a partnership with Kew Gardens travelled internationally. In addition, our partnership with the University of Birmingham enabled exploration of the festival model through PhD level study. Hay on Earth highlighted the race to save the planet from new perspectives, and our Book of the Year culminated in the prize being awarded to Bonnie Garman for *Lessons in Chemistry*.

Our digital activity has enabled wider access to online platforms across the globe via Hay Player, live streaming, Hay Festival YouTube and through our social media channels. Whilst our public relations, marketing and digital reach permeates every week of the year.

We are extremely grateful to all our funders and partners, in the UK, Latin America and Europe their generous support enables our important work, bringing ideas and new thinking into the public domain, engaging and entertaining, convening the best minds and enabling our audiences to explore a reimagined world as a better place.

This year has been one of many challenges, however, our agility to seize opportunities with curiosity, openness and rigor is a testament to the skills and experience those engaged in guiding, supporting, and operating the charity. I am enormously proud of the inspiration and dedication of the Hay Festival team (UK and international), volunteers and Board members as we continue to work towards excellence in all that we do.

Caroline Michel
Chair – Hay Festival Foundation Ltd.

HAY FESTIVAL FOUNDATION LIMITED

REPORT OF THE CEO FOR THE YEAR ENDED 31 DECEMBER 2022

CEO Overview 2022

Hay Festival, in its 35th year, emerged from the pandemic convening audiences and artists to explore the seismic shifts in global politics, health, democracy and equalities. Our priority for 2022 was to place debate and dialogue at the centre of our festivals and wider activity, with such turbulent times post pandemic, and with the onset of war in Europe impacting on daily lives. Culture and the arts, particularly literature, was very much at the centre of our work prompting dialogue and debate, and inspiring ideas for our creative, collective imaginations. Through our live event, digital engagement, communications and social media, Hay Festival resonated once more on the national and international stage.

Our festival programme in Colombia ran over 10 days in January across three cities, with increased participation through live web viewings and social media, as we celebrated our initial return to in person events our audiences engaged in debates on democracy, equality, well-being, and climate emergency, resulting in 32k attendees.

During May and early June Hay Festival, Hay on Wye, Wales ran 11 days and hosted 500 events. Our UK festival explored international sciences post pandemic. This approach enabled artists and audiences to explore geopolitical environments, regeneration, science, new writing and equalities through the work of acclaimed authors, policy makers, historians, poets, pioneers, environmentalists, and innovators. The festival attracted a footfall of 115k and audiences across the UK and internationally taking part digitally, over 600 artists returned to Hay, to inspire and entertain. The stellar cast of artists included Hilary Rodham Clinton, David Harewood, Jarvis Cocker, David Olusogo, Cressida Cowell, Kate Humble, the cast of Letters Live plus many more.

During September, Hay Festival Queretaro witnessed successful post pandemic attendance, welcoming a total of 27k in person audiences and 350k digital audience members. The diversity of the programme in Mexico is celebrated through festival activities, Hay Joven, Hay Delegaciones, Publishing Talent, and the Hay Forum Dallas USA. We were delighted that artists from over 15 countries participated in the festival, Wole Soyinka, Tawakkol Karman, Rosa Montero, Caitlin Moran and many more. In addition, Hay Festival Segovia also attracted curious audiences with a wide range of artists leading events over 4 days, pre-empted by a series of events held across the region over a 9-month period.

Through our work, Hay Festival was approached to partner with Lviv BookForum (LBF), the largest literature festival in Ukraine. We shared the civic space from 6-9 October through our on-line partnering providing a free and open platform for Ukrainian readers, publishers, and global digital audiences, to contribute to the country's intellectual capital across 17 locations and 6 cities.

November ushered in the Winter Weekend, when the best new fiction and non-fiction was launched, engaging with some of the biggest issues of our time and spreading festive joy through conversations, storytelling, film screenings, comedy, music, and workshops. It was heartening to deliver full capacity events at Hay Castle, St Mary's Church, The Poetry Bookshop and Booth's Bookshop. With 5,000 tickets sold and 500,000 further engagements online. In addition, Our 2022 edition of Hay Festival Arequipa welcomed 130 artists taking part in 100 events.

Hay Festival delivered 65 days of events throughout the year across the world including our education work in the UK, with Scribblers Tour in February, early in the post pandemic period, with 800 pupils attending in person events. Later in the year, in November, Scribblers Cymraeg 2022 welcomed 15 schools from 11 different local authorities to both the Universities of Aberystwyth and Swansea. Over 5 days, Poet Aneirin Karadog, Mererid Hopwood, Tudur Hallam and Miriam Jones and Anni Llyn, Ifor ap Glun offered creative and interactive events celebrating the Welsh Language.

In addition to our Scribblers programme, we also ran the Beacons project, Hay Days, Hay Academy, Hay Joven, Hay Delegaciones during the year, our work with children and young people is more important than before, as we recover from the pandemic. We continue to reach out to communities who have not visited a festival or taken part in our learning and engagement programme through specific projects across global territories, and the UK.

We are extremely grateful to all our funders and partners, in UK, Latin America, Europe for supporting our important work, bringing ideas and new thinking into the public domain, engaging and entertaining, convening the best minds and enabling our audiences to explore a reimagined world as a better place. Funder support enables access to world class events in many locations and online in more accessible and inclusive ways. Our Friends, Patrons, Benefactors and Advisory Council also enable Hay Festival to support important engagement work. We are extremely fortunate that loyal audiences continue to support Hay Festival through ticket purchases, Hay Player, and donations. The Hay Festival team, whether core staff or festival staff and volunteers continue to prioritise support of the festivals each year through their committed hard work, we appreciate this tenacity and determination to ensure that our audiences receive the best experience possible. We are indebted to our board of trustees, who volunteer their time to steer the charity and navigate towards a sustainable future, their generosity of spirit is invaluable.

HAY FESTIVAL FOUNDATION LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022. 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 and science of literature, poetry and all other forms of artistic expression, in particular by promoting public festivals, shows, readings and fairs.
- b) to promote study and research in literature and poetry and all other forms of artistic expression throughout the world 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, poetry and all other forms of artistic expression in all its branches and likewise to promote and develop the improvement of literature, poetry and other forms of artistic expression in the United Kingdom of Great Britain and Northern Ireland and other countries around the world.

Significant activities

As reported in last year's financial statements, following a detailed review by legal and financial advisors specialising in charity matters, it was concluded that the vast majority of the activity that had been carried out by the Hay Festival of Literature and the Arts Limited could legitimately be carried out by the charity itself. It was therefore agreed to restructure the activities, with the business of running the Hay Festival transferred in its entirety to the Charity as of 1 February 2022, through a legal transfer process. The Trustees identified that the restructure would provide significant benefits, including greater operational efficiency, stronger governance arrangements and greater controls on charitable expenditure.

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.

FINANCIAL REVIEW

Financial position

The Statement of Financial Activities reports total income of £4,687,630 and total expenditure of £4,630,863. Overall, an unrestricted surplus of £56,767 has been reported.

Hay Festival of Literature and the Arts Ltd restructured the operations of the Hay Festival into the Hay Festival Foundation Ltd on 1 February 2022 during the financial year. This has resulted in increased activity in Hay Festival Foundation Ltd as it took on the day to day running of the festival.

The festival struggled in the year due to the ongoing covid pandemic, the lingering effects of covid hesitancy and the significant increase in site and infrastructure costs imposed by suppliers. However, due to careful planning and cost control the festival is happy to report a surplus of £56,767 for the year and closing unrestricted reserves of £475,425, putting the Foundation back on a firmer financial footing as it seeks to rebuild over the next few years.

Principal funding sources

The Foundation generates income from a number of sources. Direct festival income is raised through ticket sales, sales of books and merchandise, exhibitor fees, corporate sponsorship and other activities. The Foundation also receives management fees for its work in overseeing its International Festivals as well as grants for specific projects and educational activity. All income, both direct income generated and indirect financial support, aides in the running of the festival and helping the foundation achieve its objectives.

HAY FESTIVAL FOUNDATION LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL REVIEW

Reserves policy

The trustees have set a policy which requires that reserves be maintained at a level that ensures the charity's core activity could continue during a period of unforeseen difficulty and that a proportion of reserves be maintained in a readily realisable form. The trustees consider readily realisable reserves to be the amount of reserves that are easily converted into cash should the need arise. The calculation of the required level of reserves is an integral part of the charity's planning, budget and forecast cycle. It considers the risks associated with each stream of income and expenditure being different from that budgeted; the planned activity level; and the charity's commitments.

The trustees assess the reserves policy and review it during the year. They discuss the readily realisable reserves against the charity's commitments. The main risks to both income and expenditure are highlighted and a calculation of the possible financial consequences of adverse movements made. The trustees use this information to ensure an adequate level of readily realisable reserves is held.

The reserves policy will be reviewed every year, at minimum, by the Finance Committee, or sooner if warranted by internal or external events or changes. Significant changes to the Policy will be recommended by the Finance Committee to the Board for approval.

Currently the optimum level of free reserves is six months of average core operating expenditure, which at an average monthly core expenditure of £100,000 would be £600,000.

At 31 December 2022, the charity held unrestricted funds of £475,425. After accounting for those funds tied up in fixed assets of £13,290, the charity's free reserves amount to £462,135. While this is less than the optimum level of £600,000, the trustees are satisfied that the current reserves held are sufficient to support the organisation in the short term and will strive to build these back to optimal level over the coming years. A financial strategy of prudence and care is being pursued to ensure the safeguarding of the charity's unrestricted reserves to support the on-going sustainability of the organisation.

FUTURE PLANS

Following the pandemic, governance restructure and appointment of a new CEO, the main priority for 2023 is as follows:

Strategic development (UK and international) which focuses on the following areas of activity:

- Financial sustainability
- Consolidated governance
- Brand development, marketing, and communications
- Audience development, relevance, and experience
- Equalities, diversity, and inclusion
- Content creation – digital and in-person
- Fundraising
- Evaluation and data collection

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 10 December 2021, 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 2022

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 continue to review the risk management policy for the charity during 2022.

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
Powys
HR3 5AD

Trustees

C J Michel	Chair
D Jones	
R M Boycott	
N K Gowing	
N K A Jones	Resigned 31.01.22
J T Godfrey	Appointed 21.02.22
P J Sands	Appointed 21.02.22
J G Davies	Appointed 21.02.22
Lord T Burns	Appointed 21.02.22
M Gwynant	Appointed 14.07.22

Auditors

MHA
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

HAY FESTIVAL FOUNDATION LIMITED

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Hay Festival Foundation Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

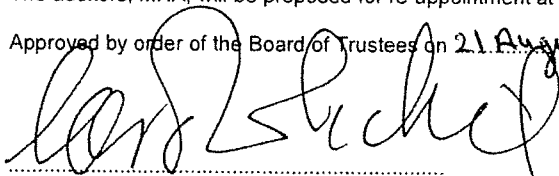
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

On 30 June 2023 as a result of a recent merger, Watts Gregory LLP resigned as auditors in accordance with Section 516 of the Companies Act 2006 and re-engaged its services as MHA.

The auditors, MHA, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the Board of Trustees on 21 August 2023 and signed on its behalf by:



C J Michel - Chair

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HAY FESTIVAL FOUNDATION LIMITED

Opinion

We have audited the financial statements of National Dance Company Wales (the 'charitable company') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 charitable company's affairs as at 31 December 2022 and of its 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 Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable company'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 Annual Report, other than the financial statements and our Report of the Independent Auditor 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.

In connection with our audit of the financial statements, 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 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 statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees, which includes the Directors' Report, prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Report of the Trustees has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HAY FESTIVAL FOUNDATION LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inaccurate journals. We addressed these risks by carrying out specifically targeted procedures, which included:

- Enquiries of management, those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing minutes of meetings of those charged with governance;
- Evaluating the reasons for any large or unusual transactions;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations to underlying supporting documentation.

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. The 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 misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditor.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HAY FESTIVAL FOUNDATION LIMITED

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Julia Mortimer (Senior Statutory Auditor)
for and on behalf of MHA Statutory Auditor
CARDIFF, United Kingdom

Date: 24 August 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

HAY FESTIVAL FOUNDATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	976,027	-	976,027	166,865
Charitable activities					
Hay Festival	5	3,214,723	27,739	3,242,462	-
Partnership working		-	30,000	30,000	-
School programme		-	151,453	151,453	-
International festival support		281,274	-	281,274	-
Investment income	4	1,195	-	1,195	19
Other income		5,219	-	5,219	-
Total		<u>4,478,438</u>	<u>209,192</u>	<u>4,687,630</u>	<u>166,884</u>
EXPENDITURE ON					
Charitable activities					
Support of Hay Festival of Literature and The Arts	6	-	-	-	45,853
Hay Festival		4,421,671	27,739	4,449,410	-
Partnership working		-	30,000	30,000	-
School programme		-	151,453	151,453	-
Total		<u>4,421,671</u>	<u>209,192</u>	<u>4,630,863</u>	<u>45,853</u>
NET INCOME		56,767	-	56,767	121,031
RECONCILIATION OF FUNDS					
Total funds brought forward		418,658	-	418,658	297,627
TOTAL FUNDS CARRIED FORWARD		<u>475,425</u>	<u>-</u>	<u>475,425</u>	<u>418,658</u>

The notes form part of these financial statements


HAY FESTIVAL FOUNDATION LIMITED

BALANCE SHEET
31 DECEMBER 2022

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
FIXED ASSETS					
Tangible assets	13	13,290	-	13,290	-
CURRENT ASSETS					
Stocks	14	24,863	-	24,863	-
Debtors	15	154,393	10,000	164,393	8,963
Cash at bank		<u>730,006</u>	<u>(10,000)</u>	<u>720,006</u>	<u>457,930</u>
		909,262	-	909,262	466,893
CREDITORS					
Amounts falling due within one year	16	(391,074)	-	(391,074)	(48,235)
NET CURRENT ASSETS		<u>518,188</u>	<u>-</u>	<u>518,188</u>	<u>418,658</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		531,478	-	531,478	418,658
CREDITORS					
Amounts falling due after more than one year	17	(56,053)	-	(56,053)	-
NET ASSETS		<u>475,425</u>	<u>-</u>	<u>475,425</u>	<u>418,658</u>
FUNDS	20				
Unrestricted funds				<u>475,425</u>	<u>418,658</u>
TOTAL FUNDS				<u>475,425</u>	<u>418,658</u>

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 21 August 2023 and were signed on its behalf by:


C J Michel - Chair

The notes form part of these financial statements

HAY FESTIVAL FOUNDATION LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	<u>201,991</u>	<u>63,806</u>
Net cash provided by operating activities		<u>201,991</u>	<u>63,806</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(17,163)	-
Interest received		<u>1,195</u>	<u>19</u>
Net cash (used in)/provided by investing activities		<u>(15,968)</u>	<u>19</u>
Cash flows from financing activities			
New loans in year		<u>76,053</u>	<u>-</u>
Net cash provided by financing activities		<u>76,053</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		262,076	63,825
Cash and cash equivalents at the beginning of the reporting period		<u>457,930</u>	<u>394,105</u>
Cash and cash equivalents at the end of the reporting period		<u><u>720,006</u></u>	<u><u>457,930</u></u>

The notes form part of these financial statements

HAY FESTIVAL FOUNDATION LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net income for the reporting period (as per the Statement of Financial Activities)	56,767	121,031
Adjustments for:		
Depreciation charges	3,873	-
Interest received	(1,195)	(19)
Increase in stocks	(24,863)	-
(Increase)/decrease in debtors	(155,430)	210,804
Increase/(decrease) in creditors	<u>322,839</u>	<u>(268,010)</u>
Net cash provided by operations	<u>201,991</u>	<u>63,806</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/22 £	Cash flow £	At 31/12/22 £
Net cash			
Cash at bank	<u>457,930</u>	<u>262,076</u>	<u>720,006</u>
	<u>457,930</u>	<u>262,076</u>	<u>720,006</u>
Debt			
Debts falling due within 1 year	-	(20,000)	(20,000)
Debts falling due after 1 year	-	<u>(56,053)</u>	<u>(56,053)</u>
	-	<u>(76,053)</u>	<u>(76,053)</u>
Total	<u>457,930</u>	<u>186,023</u>	<u>643,953</u>

The notes form part of these financial statements

HAY FESTIVAL FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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

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.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions. This income is recognised where there is entitlement, when the receipt is probable and the amount can be measured reliably. Income is deferred when the amounts received are in advance of the performance of the service or event to which they relate. Membership fees are accounted for in the period to which they relate.

Investment income is recognised on a receivable basis.

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.

2. ACCOUNTING POLICIES - continued

Expenditure

Expenditure on charitable activities comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature to support them.

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. This includes governance costs which are those costs associated with meeting the constitutional and statutory requirements of the charity and include the accountancy fees and costs linked to the strategic management of the charity as well as a proportion of salaries based on an approximation of time spent in this area.

Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset (less expected residual value) over its estimated useful life.

Computer equipment	- 33.33% on cost
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Fixed assets are initially recorded at cost. Only assets which cost £500 or more are capitalised.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

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

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.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of the ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

The benefits of lease incentives are recognised in the profit and loss account over the lease period.

Basis of recognition of liabilities

Liabilities are recognised as soon as there is a legal or constructive obligation which commits the charity to the expenditure.

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.

HAY FESTIVAL FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES - continued

Operating leases

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Significant accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results. No estimates or assumptions have been identified that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. DONATIONS AND LEGACIES

	2022	2021
	£	£
Membership income	136,497	61,322
Donations	56,440	90,869
Gift aid	27,038	14,674
Grants	723,307	-
Hay Player subscriptions	<u>32,745</u>	<u>-</u>
	<u>976,027</u>	<u>166,865</u>

Grants received, included in the above, are as follows:

	2022	2021
	£	£
Welsh Government - Cultural Recovery Fund Round 3	61,640	-
Arts Council Wales - Hay Festival 2022 / Hay Festival International Focus	50,000	-
Arts Council England - Culture Recovery Fund continuity support	600,000	-
Interns funding	<u>11,667</u>	<u>-</u>
	<u>723,307</u>	<u>-</u>

4. INVESTMENT INCOME

	2022	2021
	£	£
Deposit account interest	<u>1,195</u>	<u>19</u>

HAY FESTIVAL FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

5. INCOME FROM CHARITABLE ACTIVITIES

		2022 £	2021 £
Ticket sales	Activity		
	Hay Festival	1,490,424	-
Book sales	Hay Festival	525,208	-
Sponsorship income	Hay Festival	641,913	-
Exhibitors	Hay Festival	191,930	-
Grants	Hay Festival	27,739	-
Other festival related income	Hay Festival	277,317	-
Festival related merchandise	Hay Festival	87,931	-
Grants	Partnership working	30,000	-
Grants	School programme	151,453	-
Management fees	International festival support	281,274	-
		<u>3,705,189</u>	<u>-</u>

Grants received, included in the above, are as follows:

	2022 £	2021 £
The British Council - Supporting a series of literature events	21,500	-
The British Council - Digital Partnership Lviv International Bookforum 2022	30,000	-
Welsh Government - Hay Festival Schools Programme 2021-22	40,000	-
Welsh Government - Hay Festival Schools Programme 2022-23	111,453	-
University of South Wales - Scribblers Day	3,450	-
WOM@ARTS projects	2,789	-
	<u>209,192</u>	<u>-</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Hay Festival	3,589,639	859,771	4,449,410
Partnership working	30,000	-	30,000
School programme	151,453	-	151,453
	<u>3,771,092</u>	<u>859,771</u>	<u>4,630,863</u>

HAY FESTIVAL FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2022 £	2021 £
Staff costs – core payroll	587,215	-
Direct costs - Hay Festival 2022 / Winter Weekend 2022	2,586,734	-
Bookshop costs	315,930	-
Merchandise costs	42,045	-
Staff costs - festival event direct	<u>239,168</u>	<u>-</u>
	<u>3,771,092</u>	<u>-</u>

8. SUPPORT COSTS

	Staff costs £	Finance £	Depreciation £
Hay Festival	<u>111,778</u>	<u>4,714</u>	<u>3,873</u>
	Other £	Governance costs £	Totals £
Hay Festival	<u>498,048</u>	<u>241,358</u>	<u>859,771</u>

Included within Governance costs are specific costs associated with the legal restructure to transfer the assets, liabilities and undertaking of the Hay Festival of Literature and the Arts Limited to the charity.

9. NET INCOME/(EXPENDITURE)

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

	2022 £	2021 £
Auditors' remuneration	5,500	-
Depreciation - owned assets	3,873	-
Independent Examiner fees	<u>-</u>	<u>2,295</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2022, or for the year ended 31 December 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2022, or for the year ended 31 December 2021.

HAY FESTIVAL FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

11. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	838,637	-
Social Security costs	89,047	-
Pension costs	<u>13,495</u>	<u>-</u>
	<u>941,179</u>	<u>-</u>

The average number of employees during the year:

	<u>21</u>	<u>-</u>
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The above average number of employees are on monthly salaries. In addition to the above, the charity ran a weekly payroll, during the weeks of the Hay Festival event held in May/ early June and for the Winter Weekend. The number of employees on the weekly payroll during this very short period varies but an indicative range is between 1 - 95 employees.

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
£70,001 - £80,000	<u>1</u>	<u>-</u>

In addition to this, pension contributions of £1,211 (2021 - £NIL) were received by these employees.

The total key management personnel remuneration during the year was £331,475 (2021 - £NIL).

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

All income and expenditure in the year ended 31 December 2021 was unrestricted.

13. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
Additions	<u>17,163</u>
DEPRECIATION	
Charge for year	<u>3,873</u>
NET BOOK VALUE	
At 31 December 2022	<u>13,290</u>
At 31 December 2021	<u>-</u>

HAY FESTIVAL FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

14. STOCKS

	2022	2021
	£	£
Merchandise stock	<u>24,863</u>	<u>-</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	51,668	2,334
Gift aid recoverable	4,087	3,422
Other debtors	24,538	-
Prepayments and accrued income	<u>84,100</u>	<u>3,207</u>
	<u>164,393</u>	<u>8,963</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 18)	20,000	-
Trade creditors	67,033	-
Social security and other taxes	21,257	-
VAT	15,428	1,392
Other creditors	8,757	-
Accruals and deferred income	<u>258,599</u>	<u>46,843</u>
	<u>391,074</u>	<u>48,235</u>

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

	2022	2021
	£	£
Benefactor membership in advance	21,112	7,778
Caterer deposits - Hay Festival 2023	2,025	-
International festivals - ticket sales	40,480	-
Ticket sales - Hay Festival 2023	100,323	-
Intern salary funding	6,509	-
Other advanced ticket sales	<u>1,760</u>	<u>-</u>
	<u>172,209</u>	<u>7,778</u>

Benefactor membership - an amount of £3,333 of the prior year deferred income has been released to the Statement of Financial Activities during the year, Benefactor income of £16,667 received during 2022 has been deferred at the balance sheet date.

All other deferred income entries relate to income received in advance of delivery, primarily relating to the Hay Festival May 2023.

HAY FESTIVAL FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Bank loans (see note 18)	<u>56,053</u>	<u>-</u>

18. LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year on demand:		
Bank loans	<u>20,000</u>	<u>-</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>10,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>46,053</u>	<u>-</u>

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022 £	2021 £
Within one year	54,279	-
Between one and five years	<u>115,372</u>	<u>-</u>
	<u>169,651</u>	<u>-</u>

Operating lease payments recognised as an expense during the year amounted to £53,393 (2021 - £Nil).

20. MOVEMENT IN FUNDS

	At 1/1/22 £	Net movement in funds £	At 31/12/22 £
Unrestricted funds			
General fund	418,658	56,767	475,425
TOTAL FUNDS	<u>418,658</u>	<u>56,767</u>	<u>475,425</u>

HAY FESTIVAL FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

20. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	4,478,438	(4,421,671)	56,767
Restricted funds			
Partnership / Lviv International Book forum 2022	30,000	(30,000)	-
Schools programme 2022-23	111,453	(111,453)	-
Series of literature events and commissions	21,500	(21,500)	-
Schools programme 2021-22 - Scribblers tour February 2022	40,000	(40,000)	-
Scribblers Day	3,450	(3,450)	-
WOM@ARTS projects	2,789	(2,789)	-
	<u>209,192</u>	<u>(209,192)</u>	<u>-</u>
TOTAL FUNDS	<u>4,687,630</u>	<u>(4,630,863)</u>	<u>56,767</u>

Comparatives for movement in funds

	At 1/1/21 £	Net movement in funds £	At 31/12/21 £
Unrestricted funds			
General fund	297,627	121,031	418,658
TOTAL FUNDS	<u>297,627</u>	<u>121,031</u>	<u>418,658</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	166,884	(45,853)	121,031
TOTAL FUNDS	<u>166,884</u>	<u>(45,853)</u>	<u>121,031</u>

Lviv International Book forum 2022

Grant awarded by The British Council for the purpose of the delivery of digital partnership and programme between the charity and the Lviv International Book forum 2022, which is an important part for the UK/ Ukraine Season of Culture 2022, organised by the British Council and Ukrainian Institute.

HAY FESTIVAL FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

20. MOVEMENT IN FUNDS - continued

Welsh Government Schools Programme 2022-23

The purpose of the funding is to support Hay Festival Schools Programme and activities for 2022-23 including a Schools Programme that took place at the Hay Festival in May 2022, which was broadcast live and offered live and online events across primary and secondary school children. The programme also included The Beacons Project 2022 are also took place at the Hay Festival 2022 where groups of talented and developing learners attended the festival for a 4 day residential course. The funding also included the Welsh Language Scribblers Tour held in November 2022. Hosted in Aberystwyth and Bangor Universities, 2 days of events conducted entirely in Welsh.

Series of Literature events and commissions

Grant awarded by The British Council for the purposes of supporting a series of literature events and commissions at Hay Festival, Wales and the International Hay Festivals.

Welsh Government Schools Programme 2021-22

An element of the 2021-22 Schools Programme related to the planning and delivery of a Scribblers Tour; pan-Wales tour of live literature for students at Key Stage 3 and Key Stage 4 hosted by the nation's top universities - delivering inspirational speakers on inspiring campuses across Wales in February 2022.

University of South Wales - Scribblers Day

The University of South Wales hosted a day of the Hay Festival Scribblers Tour during February 2022.

WOM@RTS projects

WOM@ARTS aimed to highlight and support the creativity of women in the Arts. This grant funding was provided for Wom@rts projects at Hay Festival.

21. EMPLOYEE BENEFIT OBLIGATIONS

The charity operates a defined contribution scheme. The pension costs charge for the year represents contributions payable by the charity to the scheme and amounted to £13,495 (2021 - £Nil). At the year end, there were outstanding contributions of £2,955 (2021 - £nil).

22. 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.

With effect from 31 January 2022, a legal restructure took place to transfer the assets, liabilities, and undertaking of the Hay Festival of Literature and the Arts Limited to the Hay Festival Foundation Limited. This transaction was carried out as a transfer of a going concern through a legal transfer agreement. As a result, included within Governance costs is an amount of £227,591, representing a cost to the Foundation of taking on the assets and liabilities of the Hay company.

During the previous year, support services of £36,770 were paid to Hay Festival of Literature and the Arts Limited.

As at 31 December 2022 the following balances were due (to)/from the Hay Festival of Literature and the Arts Limited:

	31.12.22	31.12.21
	£	£
Accrued income - membership income	-	3,134
Accrual - Support Services	-	(36,770)