

Report of the Directors and  
Unaudited Financial Statements for the Year Ended 31 December 2016  
for  
Hay Festival of Literature and the Arts  
Limited

Contents of the Financial Statements  
for the year ended 31 December 2016

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**Directors:**

P K Florence  
N K Gowing  
F E Stock  
T Burns  
C J Michel  
G Davies  
G Harri  
C Fuentes La Roche  
M J Walder

**Secretary:**

C Slater

**Registered office:**

The Drill Hall  
25 Lion Street  
Hay on Wye  
HR3 5AD

**Registered number:**

02258780

**Accountants:**

Acre Accountancy Limited  
Unit 2 Foley Works  
Foley Industrial Estate  
Hereford  
Herefordshire  
HR1 2SF

Report of the Directors  
for the year ended 31 December 2016

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The directors present their report with the financial statements of the company for the year ended 31 December 2016.

**Principal activity**

"Hay brings writers and readers together to share stories and ideas in sustainable events on five continents. Our festivals inspire, examine and entertain. Join us to "Imagine the World as it is and as it might be".

The Annual Hay Festival took place from 26th May - 5th June 2016 and included over 630 events over 11 days. The festival attracted in excess of 80,000 visitors and an estimated £20 million was spent in the local economy.

Projects throughout the year included incentives around education, sustainability and the environment including the continued growth and promotion of educational films "The Hay Levels", the creation of internships and work experience opportunities for young people in the cultural, event production and technology sectors via our Hay Academy.

Hay in the Parc develops our nine-year literature and literacy partnership with HMP/YOI Parc Prison Bridgend.

Hay Festivals took place in Colombia, Spain, Mexico, Peru and Ireland to foster and sustain creativity and the exchange of ideas with audiences and artists globally.

**Directors**

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

P K Florence  
N K Gowing  
F E Stock  
T Burns  
C J Michel  
G Davies

Other changes in directors holding office are as follows:

S Maskrey - resigned 29 June 2016  
G Harri - appointed 16 March 2016  
C Fuentes La Roche - appointed 9 November 2016  
M J Walder - appointed 2 August 2016

L Cooke and A J Norman ceased to be directors after 31 December 2016 but prior to the date of this report.

**Charitable activities**

In the year we raised via our associated charity, Hay Festival Foundation, the sum of £106,138 (2015 - £92,838). The charity supports many educational and literary projects that fall within the Trusts' objectives.

Over the years our charitable partners including Oxfam, Macmillan, Birmingham Children's Hospital, Sri Lanka rebuild, MIND, Samaritans, Concern Universal, Hay Library, MAP and Acorn Children's Hospice have received generous donations as a result of their collaboration with Hay Festival.

Hay Festival of Literature and the Arts  
Limited (Registered number: 02258780)

Report of the Directors  
for the year ended 31 December 2016

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This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**On behalf of the board:**

C Slater - Secretary

13 July 2017

Income Statement  
for the year ended 31 December 2016

	Notes	2016 £	2015 £
<b>TURNOVER</b>		4,177,236	3,593,841
Cost of sales		<u>(4,022,767)</u>	<u>(3,385,898)</u>
<b>GROSS PROFIT</b>		154,469	207,943
Administrative expenses		<u>(159,994)</u>	<u>(229,011)</u>
<b>OPERATING LOSS</b>	4	(5,525)	(21,068)
Interest receivable and similar income		<u>127</u>	<u>125</u>
		(5,398)	(20,943)
Interest payable and similar expenses		<u>(4,926)</u>	<u>(4,801)</u>
<b>LOSS BEFORE TAXATION</b>		(10,324)	(25,744)
Tax on loss		<u>(422)</u>	<u>1,414</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(10,746)</u></u>	<u><u>(24,330)</u></u>

The notes form part of these financial statements

Balance Sheet  
31 December 2016

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Intangible assets	5	7,365	9,100
Tangible assets	6	254,572	286,647
Investments	7	98	98
		<u>262,035</u>	<u>295,845</u>
<b>CURRENT ASSETS</b>			
Stocks		19,916	32,271
Debtors	8	261,057	313,456
Cash at bank		<u>44,090</u>	<u>40,931</u>
		325,063	386,658
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>(448,855)</u>	<u>(513,621)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(123,792)</u>	<u>(126,963)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		138,243	168,882
<b>CREDITORS</b>			
Amounts falling due after more than one year	10	(25,000)	(30,000)
<b>PROVISIONS FOR LIABILITIES</b>		(14,122)	(13,787)
<b>ACCRUALS AND DEFERRED INCOME</b>		<u>(87,524)</u>	<u>(102,752)</u>
<b>NET ASSETS</b>		<u><u>11,597</u></u>	<u><u>22,343</u></u>

The notes form part of these financial statements

Balance Sheet - continued  
31 December 2016

	Notes	2016 £	2015 £
<b>RESERVES</b>			
Retained earnings		<u>11,597</u>	<u>22,343</u>
		<u>11,597</u>	<u>22,343</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2016.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2016 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss 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 company.
- (b)

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 13 July 2017 and were signed on its behalf by:

C J Michel - Director



Statement of Changes in Equity  
for the year ended 31 December 2016

	Retained earnings £	Total equity £
<b>Balance at 1 January 2015</b>	46,673	46,673
<b>Changes in equity</b>		
Total comprehensive income	(24,330)	(24,330)
<b>Balance at 31 December 2015</b>	<u>22,343</u>	<u>22,343</u>
<b>Changes in equity</b>		
Total comprehensive income	(10,746)	(10,746)
<b>Balance at 31 December 2016</b>	<u><u>11,597</u></u>	<u><u>11,597</u></u>

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Hay Festival of Literature and the Arts Limited is a private company, limited by shares, registered in Not specified/Other. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of 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.

No adjustments were made to the reported financial position and performance of the company on its first-time adoption of FRS102 (Section 1A).

**Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Income from ticket sales and other revenue is included in turnover in the period in which the festival takes place.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of nil years.

**Archive and website development costs**

The archive development cost is initially capitalised as an intangible asset and then it is amortised over its expected useful economic life of 10 years.

Website development costs are capitalised as tangible assets and depreciated over their useful economic life (estimated at 5 years).

**Tangible fixed assets**

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

Land and buildings	- Over the period of the lease
Plant and machinery etc	- 33% on cost, 20% on cost and 20% on reducing balance

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Stocks**

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

2. **ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Investments**

Fixed asset investments are shown at cost less provision for impairment.

**Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Income and Expenditure account over the expected useful lives of the assets concerned. Other grants are credited to the Income and Expenditure account as the related expenditure is incurred.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 20 .

Notes to the Financial Statements - continued  
for the year ended 31 December 2016

4. **OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation - owned assets	63,150	75,865
Development costs amortisation	1,735	1,735
Release of deferred grant	(15,218)	(15,218)
Directors remuneration	<u>210,000</u>	<u>200,408</u>

5. **INTANGIBLE FIXED ASSETS**

	Other intangible assets £
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	<u>17,775</u>
<b>Amortisation</b>	
At 1 January 2016	8,675
Charge for year	<u>1,735</u>
At 31 December 2016	<u>10,410</u>
<b>Net book value</b>	
At 31 December 2016	<u>7,365</u>
At 31 December 2015	<u>9,100</u>

The intangible assets represents the costs of the development of an archive.

Notes to the Financial Statements - continued  
for the year ended 31 December 2016

6. **TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery etc £	Totals £
<b>Cost</b>			
At 1 January 2016	379,757	323,434	703,191
Additions	2,085	28,990	31,075
Disposals	-	(17,892)	(17,892)
At 31 December 2016	<u>381,842</u>	<u>334,532</u>	<u>716,374</u>
<b>Depreciation</b>			
At 1 January 2016	213,891	202,653	416,544
Charge for year	26,500	36,650	63,150
Eliminated on disposal	-	(17,892)	(17,892)
At 31 December 2016	<u>240,391</u>	<u>221,411</u>	<u>461,802</u>
<b>Net book value</b>			
At 31 December 2016	<u>141,451</u>	<u>113,121</u>	<u>254,572</u>
At 31 December 2015	<u>165,866</u>	<u>120,781</u>	<u>286,647</u>

7. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	<u>98</u>
<b>Net book value</b>	
At 31 December 2016	<u>98</u>
At 31 December 2015	<u>98</u>

8. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Trade debtors	19,113	45,374
Other debtors	<u>241,944</u>	<u>268,082</u>
	<u>261,057</u>	<u>313,456</u>

Notes to the Financial Statements - continued  
for the year ended 31 December 2016

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Bank loans and overdrafts	111,173	187,478
Trade creditors	46,611	67,137
Taxation and social security	69,611	37,018
Other creditors	<u>221,460</u>	<u>221,988</u>
	<u>448,855</u>	<u>513,621</u>

10. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016	2015
	£	£
Bank loans	<u>25,000</u>	<u>30,000</u>

11. **LEASING AGREEMENTS**

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

	2016	2015
	£	£
Within one year	52,971	52,971
Between one and five years	135,855	167,925
In more than five years	<u>26,126</u>	<u>47,027</u>
	<u>214,952</u>	<u>267,923</u>

12. **SECURED DEBTS**

The following secured debts are included within creditors:

	2016	2015
	£	£
Bank overdrafts	106,173	182,478
Bank loans	<u>30,000</u>	<u>35,000</u>
	<u>136,173</u>	<u>217,478</u>

The bank borrowings are secured by a debenture dated 22 October 2007 over the assets of the company.

13. **CAPITAL COMMITMENTS**

	2016	2015
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>19,500</u>

**14. COMPANY STATUS**

The company is a private company limited by guarantee and consequently does not have a share capital.

The liability of its directors, who are its members, is limited. The limit per member is to a sum not exceeding £100. The period of this guarantee is to the time he or she is a member and for one year after ceasing to be a member.