

REGISTERED COMPANY NUMBER: 07639471 (England and Wales)  
REGISTERED CHARITY NUMBER: 1144524

REPORT OF THE TRUSTEES AND  
UNAUDITED FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 30 APRIL 2018  
FOR  
HAY CASTLE TRUST LIMITED



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

**HAY CASTLE TRUST LIMITED**

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FOR THE YEAR ENDED 30 APRIL 2018**

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## HAY CASTLE TRUST LIMITED

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 APRIL 2018

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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 30 April 2018. 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 2015).

#### OBJECTIVES AND ACTIVITIES

##### Objectives and aims

The charity's object is to preserve the heritage and assure the future of Hay Castle in Hay-on-Wye. As befits a building which has enjoyed more than 800 years of continuous occupancy, the charity aims to encourage community and visitor involvement in an active, living amenity.

Strategies for achieving these objectives and aims include:-

- completion of the restoration of Hay Castle, and stewardship of its adjoining building and surrounding land;
- promoting education on the architecture of the building and local history;
- provision of a venue for cultural enrichment through the arts;
- generating training opportunities in relevant local skills;
- and providing a forum for community benefit and enjoyment.

Success in meeting these aims is currently measured in terms of: progress made in completing, in a timely and cost effective way, the Trust's Heritage Lottery Fund Round 2 Delivery Phase project ("HLF2"); securing additional funding to meet the Trust's revised £1.81 million own match-funding requirement as part of HLF2; ensuring the full regeneration of Hay Castle is achieved; the continued provision of events, tours, concerts, performances (to the extent permitted by the restoration project); promoting community consultation involvement, support and engagement.

The Trust's activities, and the non-cash portion of its match-funding contribution depend on a significant input of volunteer time. This occurs at the level of the trustees, Hay Castle volunteers, and informal commitments by individuals. Over 1,100 hours were logged in the year ending 30 April 2018.

In the medium term, the Trust is anticipating the successful completion of the restoration project in 2020, and is now planning for the resources and skill sets necessary to deliver the elements of its Business Plan which was approved as part of its HLF2 grant. To this end, a search was initiated in early 2018 for up to three additional trustees with the experience to plan and manage the Trust's activities in the post-construction period. In addition, institutions with similar exhibition spaces and literary connections are being contacted with a view to potential collaborations in this area.

##### Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities for the year.

#### ACHIEVEMENT AND PERFORMANCE

The Board of Trustees, together with a group of active committee members, reflect a range of complementary skills and experience in executing and funding large public and community-centred projects. The Managing Director leads the efforts to develop the project, raise funds, manage the property, ensure compliance in all governance matters, ensure financial oversight, maintain sound environmental practices, and continue to raise the profile of the project through communications with the community and local and national media.

During 2017-2018 the Trust made further progress towards its HLF2-related goals.

The RIBA Stage-4 (Technical Design) stage was completed after an unexpectedly lengthy gestation.

The documentation for the Project Contractor tender was prepared in accordance with the Official Journal of the European Union (OJEU) guidelines for public sector bids. This involved interviews with potential contractors and scoring of their capabilities, experience and the level of their tenders. Following the end of the evaluation period, contract negotiations were in progress with John Weaver Contractors, which emerged as the winning company in both the initial and revised tender rounds.

The discharge of the required pre-commencement conditions of the planning permission were advanced. Within this area, archaeological and ecological management plans were prepared.

The mandate for the interpretive design element of the project was awarded to BWA Design.

Two traditional building skills workshops were run; approximately 50 educational talks and tours took place, including "round table" discussions; and volunteers continued to help with planning; gardening and the Honesty Bookshop.

## HAY CASTLE TRUST LIMITED

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 APRIL 2018

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#### ACHIEVEMENT AND PERFORMANCE

The autumn of 2017 saw the successful launch of the Keepers of the Castle campaign for individual donations at a higher giving level than the Friends of Hay Castle.

While negotiations were still underway with John Weaver Contractors at the end of the Trust's reporting year, this company was subsequently appointed as lead contractor for HLF2.

Mention must be made of the revised cost of the project from the figure reported in the Trustee's Report for the previous year, from £6.00 million to £6.48 million, due to the level of tenders received from all contractors invited to bid being well above the previous estimates. Importantly, following a value engineering exercise on the major elements of the project, none of the deliverable elements (agreed with HLF) of the completed project was lost.

These increased costs (incorporating the level of inflation in construction cost indices), when set against the nominal value of the HLF grant meant that the funding requirement from the Trust's own resources increased from £1.52 million to £1.81 million.

During the period, the Trust received awards of £669,504 from external donors, taking its cumulative total of grants and donations to over £1.5m. Of the grants awarded this year £172,104 plus £55,000 from the Keepers of the Castle fundraising have been recognised as income in these financial statements. The balance of £442,400 will be recognised once all the criteria for income recognition have been met.

#### FINANCIAL REVIEW

The attached financial statements reflect the transactions and position of the Trust for the year to 30 April 2018.

The Statement of Financial Activities shows net income for the year of £309,712. In accordance with accounting policies all grant income (including capital grants) has been recognised in Statement of Financial Activities.

#### Principal funders

The Trust continued to receive support from the Heritage Lottery Fund throughout the year. Grants were also recognised from War Memorial Fund, Santander Foundation and Clore Duffield Foundation. Further grants were awarded and will be recognised in future periods from Leader, Rural Communities Development Fund, Esmee Fairbairn Foundation and the Sackler Trust.

#### Reserves

The total funds of £3,983,698 (2017: £3,673,986) include £862,708 (2017: £700,403) which is held for restricted purposes. After excluding the net book value of tangible fixed assets which have been included within a designated fund, the remaining £53,969 (2017: £47,512) are free reserves.

It is the policy of the Trust that unrestricted funds which have not been designated for a specific use should be maintained at a level of approximately £65,000. The trustees consider that this will ensure that if in the event of a significant interruption to anticipated funding, they will be able to maintain the Trust's current activities while consideration is given to ways in which additional funds may be raised.

The Trust is currently trying to build reserves in excess of this level in order to contribute its own funds to the regeneration project.

#### FUTURE PLANS

The immediate future plans of the Trust are focussed on completing the restoration of Hay Castle and with continued efforts on fundraising to ensure this is achieved.

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### Governing document

The company was incorporated on 18 May 2011 and is limited by guarantee. Charitable status was granted on 3 November 2011. The company is governed by its Memorandum and Articles of Association.

##### Recruitment and appointment of new trustees

*The power of appointing new or additional trustees is vested in the trustees.*

##### Organisational structure

The day-to-day administration of the charity is carried out by the trustees. None of the trustees have any beneficial interest in the charity. All the trustees are members of the charity and guarantee to contribute a sum not exceeding £10 in the event of a winding up.

##### Induction and training of new trustees

Trustees are expected to identify their training needs and take measures to ensure these needs are met.

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**HAY CASTLE TRUST LIMITED**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 30 APRIL 2018**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Key management remuneration**

The pay of senior staff is set by the Board of Trustees having regard to market rates.

**Risk management**

We confirm the major risks have been reviewed and systems or procedures have been established to manage those risks.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

07639471 (England and Wales)

**Registered Charity number**

1144524

**Registered office**

Hay Castle  
Oxford Road  
HAY-ON-WYE  
Herefordshire  
HR3 5DG

**Trustees**

J T Albert	
L Cooke	
A Craven	- resigned 4/4/2018
P K Florence	- resigned 14/4/2018
P Greatbatch	
E Haycox	
R L Hughes	
E Fox	- appointed 1/7/2018
S Malthouse	- appointed 1/7/2018
M Corr	- appointed 1/7/2018

**Senior management**

N L Albert - Managing Director

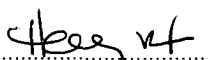
**Independent examiner**

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

**Bankers**

Barclays  
Broad Street  
HAY-ON-WYE  
Hereford  
HR3 5DD

Approved by order of the Board of Trustees on 19 October 2018 and signed on its behalf by:

  
.....  
E Haycox - Trustee

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HAY CASTLE TRUST LIMITED

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### Opinion

We have audited the financial statements of Hay Castle Trust Limited (the 'charitable company') for the year ended 30 April 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 April 2018 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

### Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

### 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HAY CASTLE TRUST LIMITED**

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**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.

**Our 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 a Report of the Independent Auditors 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

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

Date: 31 October 2018

**HAY CASTLE TRUST LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 30 APRIL 2018**

	Notes	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	3	25,047	168,300	193,347	261,623
<b>Charitable activities</b>	6				
Preservation of the heritage of Hay Castle		-	126,417	126,417	278,719
Other trading activities	4	75,610	-	75,610	45,122
Investment income	5	<u>332</u>	<u>-</u>	<u>332</u>	<u>84</u>
<b>Total</b>		<b>100,989</b>	<b>294,717</b>	<b>395,706</b>	<b>585,548</b>
<b>EXPENDITURE ON</b>					
Raising funds	7	11,921	9,964	21,885	36,341
<b>Charitable activities</b>	8				
Preservation of the heritage of Hay Castle		<u>41,825</u>	<u>22,284</u>	<u>64,109</u>	<u>55,006</u>
<b>Total</b>		<b>53,746</b>	<b>32,248</b>	<b>85,994</b>	<b>91,347</b>
<b>NET INCOME</b>		<b>47,243</b>	<b>262,469</b>	<b>309,712</b>	<b>494,201</b>
<b>Transfers between funds</b>	18	<u>100,164</u>	<u>(100,164)</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		<b>147,407</b>	<b>162,305</b>	<b>309,712</b>	<b>494,201</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>2,973,583</b>	<b>700,403</b>	<b>3,673,986</b>	<b>3,179,785</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b><u>3,120,990</u></b>	<b><u>862,708</u></b>	<b><u>3,983,698</u></b>	<b><u>3,673,986</u></b>

The notes form part of these financial statements



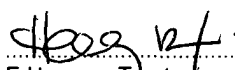
HAY CASTLE TRUST LIMITED

**BALANCE SHEET  
AT 30 APRIL 2018**

	Notes	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	15	3,067,021	-	3,067,021	2,926,071
<b>CURRENT ASSETS</b>					
Debtors	16	31,294	493,500	524,794	539,937
Cash at bank and in hand		<u>30,242</u>	<u>443,823</u>	<u>474,065</u>	<u>328,955</u>
		61,536	937,323	998,859	868,892
<b>CREDITORS</b>					
Amounts falling due within one year	17	(7,567)	(74,615)	(82,182)	(120,977)
<b>NET CURRENT ASSETS</b>		<u>53,969</u>	<u>862,708</u>	<u>916,677</u>	<u>747,915</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,120,990</u>	<u>862,708</u>	<u>3,983,698</u>	<u>3,673,986</u>
<b>NET ASSETS</b>		<u>3,120,990</u>	<u>862,708</u>	<u>3,983,698</u>	<u>3,673,986</u>
<b>FUNDS</b>	18				
Unrestricted funds				3,120,990	2,973,583
Restricted funds				<u>862,708</u>	<u>700,403</u>
<b>TOTAL FUNDS</b>				<u>3,983,698</u>	<u>3,673,986</u>

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

The financial statements were approved for issue by the Board of Trustees on 19 October 2018 and were signed on its behalf by:

  
E Haycox - Trustee

The notes form part of these financial statements

**HAY CASTLE TRUST LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2018**

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	Notes	2018 £	2017 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	<u>286,431</u>	<u>570,123</u>
<b>Net cash provided by (used in) operating activities</b>		<u>286,431</u>	<u>570,123</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(141,653)	(359,515)
Interest received		<u>332</u>	<u>84</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(141,321)</u>	<u>(359,431)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		145,110	210,692
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>328,955</u>	<u>118,263</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>474,065</u>	<u>328,955</u>

The notes form part of these financial statements

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HAY CASTLE TRUST LIMITED

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 APRIL 2018

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

	2018	2017
	£	£
<b>Net income for the reporting period (as per the statement of financial activities)</b>	309,712	494,201
<b>Adjustments for:</b>		
Depreciation charges	703	3,178
Interest received	(332)	(84)
Decrease/(increase) in debtors	15,143	(17,387)
(Decrease)/increase in creditors	<u>(38,795)</u>	<u>90,215</u>
<b>Net cash provided by (used in) operating activities</b>	<u>286,431</u>	<u>570,123</u>

## HAY CASTLE TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

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#### 1. STATUTORY INFORMATION

Hay Castle Trust Limited is a company limited by guarantee incorporated in Wales within the United Kingdom. The registered office is Hay Castle, Oxford Road, Hay-on-Wye, Herefordshire, HR3 5DG.

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

The principal activities and nature of the charity's operations is to preserve the heritage of Hay Castle in Hay-on-Wye and to advance education on the architecture of the building, local history, and the arts by the purchase of the building and its surrounding land.

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 2015)', 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.

Hay Castle Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction values unless otherwise stated in the relevant accounting policy note(s).

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**

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 as the related services are provided and there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Income is deferred when the amounts received are in advance of the performance of the service or event to which they relate.

##### **Income from other trading activities**

Income from other trading activities includes income received under contract. This income is recognised as the related services are provided and there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Income is deferred when the amounts received are in advance of the performance of the service or event to which they relate.

##### **Investment income**

Investment income is recognised on a receivable basis.

2. ACCOUNTING POLICIES - continued

**Basis of recognition of liabilities**

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.

Expenditure on costs of raising funds include costs fundraising, advertising, marketing and direct mail materials as well as a consultancy fees.

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 necessary 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.

**Allocation and apportionment of costs**

All costs are allocated between the expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

**Tangible fixed assets**

Individual fixed assets costing £500 or more are initially recorded at cost.

Freehold land and buildings are held at cost and not depreciated, whilst being restored.

**Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any residual value, over their expected useful economic life as follows:

Plant and machinery	25% straight line
Fixtures and fittings	10% straight line
Computer equipment	33% straight line

**Taxation**

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30 APRIL 2018**2. ACCOUNTING POLICIES - continued****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.

**Debtors**

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

**Creditors**

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**

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

**Designated funds**

Designated funds are unrestricted funds which are set aside by the trustees for a specific purpose.

**Restricted funds**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund, together with a fair allocation of support and governance costs.

Transfers are made from restricted to unrestricted funds relating to the purchase of fixed assets from restricted income where such expenditure fulfils the terms of the restriction.

**3. DONATIONS AND LEGACIES**

	2018	2017
	£	£
Donations	4,190	6,078
Gift aid tax reclaimed	14,238	936
Grants	172,104	251,375
Subscriptions	<u>2,815</u>	<u>3,234</u>
	<u>193,347</u>	<u>261,623</u>

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

	2018	2017
	£	£
Brecon Beacons National Park Authority	-	4,200
The Rothschild Foundation	-	5,000
The Hobson Charity	-	10,000
Lloyd Webber Foundation	-	25,675
Garfield Weston Foundation	-	200,000
The Leche Trust	-	2,500
The D'Oyly Carte Charitable Trust	-	3,000
Oakdale Trust	-	1,000
Powys War Memorial Project	5,000	-
The Waterloo Foundation	5,000	-
Clore Duffield Foundation	150,000	-
Santander	4,800	-
Aurelius Charitable Foundation	3,500	-
Other grants	<u>3,804</u>	-
	<u>172,104</u>	<u>251,375</u>

HAY CASTLE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30 APRIL 2018

4. OTHER TRADING ACTIVITIES

	2018	2017
	£	£
Honesty bookshop sales	3,476	3,972
Keepers of the Castle fundraising	55,000	5,000
Card and other shop sales	92	46
Rental income	8,083	17,142
Hire of premises	-	4,275
Events income	8,626	14,687
Other income	<u>333</u>	<u>-</u>
	<u>75,610</u>	<u>45,122</u>

5. INVESTMENT INCOME

	2018	2017
	£	£
Deposit account interest	<u>332</u>	<u>84</u>

6. INCOME FROM CHARITABLE ACTIVITIES

	2018	2017
	£	£
Grants	<u>126,417</u>	<u>278,719</u>

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

	2018	2017
	£	£
Heritage Lottery Funding grant	<u>126,417</u>	<u>278,719</u>

7. RAISING FUNDS

Raising donations and legacies

	2018	2017
	£	£
Consultancy fees	<u>15,191</u>	<u>25,198</u>

Other trading activities

	2018	2017
	£	£
Bad debts	-	1,353
Cost of functions and events	5,991	6,612
Depreciation	<u>703</u>	<u>3,178</u>
	<u>6,694</u>	<u>11,143</u>

Aggregate amounts	<u>21,885</u>	<u>36,341</u>
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**HAY CASTLE TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30 APRIL 2018**

**8. CHARITABLE ACTIVITIES COSTS**

	Direct costs (See note 9) £	Support costs (See note 10) £	Totals £
Preservation of the heritage of Hay Castle	<u>27,978</u>	<u>36,131</u>	<u>64,109</u>

**9. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	2018 £	2017 £
Establishment costs	15,186	12,265
Postage and stationery	1,950	213
Advertising and promotions	991	714
Repairs and maintenance	8,335	6,461
Travel	372	1,054
Office expenses	642	1,570
Website costs	145	100
Bank charges	<u>357</u>	<u>369</u>
	<u>27,978</u>	<u>22,746</u>

**10. SUPPORT COSTS**

	Staff costs £	Other £	Governance costs £	Totals £
Preservation of the heritage of Hay Castle	<u>5,462</u>	<u>26,169</u>	<u>4,500</u>	<u>36,131</u>

**11. NET INCOME/(EXPENDITURE)**

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

	2018 £	2017 £
Depreciation - owned assets	703	3,178
Independent examination fees	<u>1,775</u>	<u>1,750</u>

**12. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 30 April 2018 or for the year ended 30 April 2017.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 30 April 2018 or for the year ended 30 April 2017.



HAY CASTLE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30 APRIL 2018

13. STAFF COSTS

	2018 £	2017 £
Wages and salaries	52,116	48,498
Social security costs	<u>3,035</u>	<u>2,573</u>
	<u>55,151</u>	<u>51,071</u>

The average number of employees during the year were as follows:

	2018	2017
Employees	<u>1</u>	<u>1</u>

No employees received emoluments in excess of £60,000.

14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	2017 Unrestricted funds £	2017 Restricted funds £	2017 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	10,248	251,375	261,623
<b>Charitable activities</b>			
Preservation of the heritage of Hay Castle	-	278,719	278,719
Other trading activities	45,122	-	45,122
Investment income	<u>84</u>	<u>-</u>	<u>84</u>
<b>Total</b>	55,454	530,094	585,548
<b>EXPENDITURE ON</b>			
Raising funds	13,179	23,162	36,341
<b>Charitable activities</b>			
Preservation of the heritage of Hay Castle	<u>14,475</u>	<u>40,531</u>	<u>55,006</u>
<b>Total</b>	27,654	63,693	91,347
<b>NET INCOME</b>	27,800	466,401	494,201
<b>Transfers between funds</b>	<u>224,828</u>	<u>(224,828)</u>	-
<b>Net movement in funds</b>	252,628	241,573	494,201
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	2,720,955	458,830	3,179,785
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>2,973,583</u>	<u>700,403</u>	<u>3,673,986</u>

HAY CASTLE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30 APRIL 2018

15. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 May 2017	2,922,671	9,486	6,222	1,424	2,939,803
Additions	<u>141,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,653</u>
At 30 April 2018	<u>3,064,324</u>	<u>9,486</u>	<u>6,222</u>	<u>1,424</u>	<u>3,081,456</u>
<b>DEPRECIATION</b>					
At 1 May 2017	-	9,463	2,903	1,366	13,732
Charge for year	<u>-</u>	<u>23</u>	<u>622</u>	<u>58</u>	<u>703</u>
At 30 April 2018	<u>-</u>	<u>9,486</u>	<u>3,525</u>	<u>1,424</u>	<u>14,435</u>
<b>NET BOOK VALUE</b>					
At 30 April 2018	<u>3,064,324</u>	<u>-</u>	<u>2,697</u>	<u>-</u>	<u>3,067,021</u>
At 30 April 2017	<u>2,922,671</u>	<u>23</u>	<u>3,319</u>	<u>58</u>	<u>2,926,071</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	5,800	2,440
Other debtors	513,551	491,467
VAT	<u>5,443</u>	<u>46,030</u>
	<u>524,794</u>	<u>539,937</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	26,274	105,468
Social security and other taxes	-	59
Other creditors	800	1,100
Accruals and deferred income	<u>55,108</u>	<u>14,350</u>
	<u>82,182</u>	<u>120,977</u>

Included within accruals and deferred income, is the following grant income which has been deferred as a result of the income being received in advance of its performance conditions.

	£
Deferred income brought forward	-
Amounts released	-
Amounts deferred in the year	<u>53,333</u>
Deferred income carried forward	<u>53,333</u>

HAY CASTLE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30 APRIL 2018

18. MOVEMENT IN FUNDS

	At 1/5/17 £	Net movement in funds £	Transfers between funds £	At 30/4/18 £
<b>Unrestricted funds</b>				
General fund	47,512	47,243	(40,786)	53,969
Fixed asset fund	<u>2,926,071</u>	-	<u>140,950</u>	<u>3,067,021</u>
	2,973,583	47,243	100,164	3,120,990
<b>Restricted funds</b>				
Medieval Gate fund	27,830	3,500	-	31,330
The HLF fund	-	96,164	(96,164)	-
The Headley Trust fund	50,000	-	(4,000)	46,000
Regeneration of Hay Castle fund	355,000	5,000	-	360,000
Ernest Cook Trust fund	4,398	(1,552)	-	2,846
Country Houses Foundation fund	100,000	-	-	100,000
The Wolfson Foundation fund	96,000	-	-	96,000
The Leche Trust fund	2,500	-	-	2,500
Reading Room fund	6,000	-	-	6,000
Education and Activity fund	10,000	(91)	-	9,909
Heritage Skills Training fund	48,675	4,448	-	53,123
Powys War Memorial fund	-	5,000	-	5,000
Clore Duffield Foundation fund	-	<u>150,000</u>	-	<u>150,000</u>
	700,403	262,469	(100,164)	862,708
<b>TOTAL FUNDS</b>	<u>3,673,986</u>	<u>309,712</u>	-	<u>3,983,698</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	100,989	(53,746)	47,243
<b>Restricted funds</b>			
Medieval Gate fund	3,500	-	3,500
The HLF fund	126,417	(30,253)	96,164
Regeneration of Hay Castle fund	5,000	-	5,000
Education and Activity fund	-	(91)	(91)
Heritage Skills Training fund	4,800	(352)	4,448
Powys War Memorial fund	5,000	-	5,000
Clore Duffield Foundation fund	150,000	-	150,000
Ernest Cook Trust fund	-	(1,552)	(1,552)
	294,717	(32,248)	262,469
<b>TOTAL FUNDS</b>	<u>395,706</u>	<u>(85,994)</u>	<u>309,712</u>

HAY CASTLE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30 APRIL 2018

18. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1/5/16 £	Net movement in funds £	Transfers between funds £	At 30/4/17 £
<b>Unrestricted Funds</b>				
General fund	151,221	27,800	(131,509)	47,512
Fixed asset fund	<u>2,569,734</u>	<u>-</u>	<u>356,337</u>	<u>2,926,071</u>
	2,720,955	27,800	224,828	2,973,583
<b>Restricted Funds</b>				
Medieval Gate fund	27,830	-	-	27,830
The HLF fund	-	224,828	(224,828)	-
The Headley Trust fund	50,000	-	-	50,000
Regeneration of Hay Castle fund	155,000	200,000	-	355,000
Ernest Cook Trust fund	10,000	(5,602)	-	4,398
Country Houses Foundation fund	100,000	-	-	100,000
The Wolfson Foundation fund	96,000	-	-	96,000
The Leche Trust fund	-	2,500	-	2,500
Reading Room fund	-	6,000	-	6,000
Education and Activity fund	-	10,000	-	10,000
Heritage Skills Training fund	<u>20,000</u>	<u>28,675</u>	<u>-</u>	<u>48,675</u>
	458,830	466,401	(224,828)	700,403
<b>TOTAL FUNDS</b>	<u>3,179,785</u>	<u>494,201</u>	<u>-</u>	<u>3,673,986</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	55,454	(27,654)	27,800
<b>Restricted funds</b>			
The HLF fund	278,719	(53,891)	224,828
Brecon Beacons National Park fund	4,200	(4,200)	-
Regeneration of Hay Castle fund	200,000	-	200,000
Ernest Cook Trust fund	-	(5,602)	(5,602)
The Leche Trust fund	2,500	-	2,500
Reading Room fund	6,000	-	6,000
Education and Activity fund	10,000	-	10,000
Heritage Skills Training fund	<u>28,675</u>	<u>-</u>	<u>28,675</u>
	530,094	(63,693)	466,401
<b>TOTAL FUNDS</b>	<u>585,548</u>	<u>(91,347)</u>	<u>494,201</u>

18. MOVEMENT IN FUNDS - continued

**Designated fixed asset fund**

The fixed asset fund represents the net book value of tangible fixed assets.

**Medieval gate fund**

Funding of £3,500 was received during the year from the Aurelius Charitable Trust towards the cost of restoring the medieval gate. The fund also consists of £25,000 received from The Pilgrim Trust towards the cost of conserving the medieval gate and donations received in 2014 for the Great Gate appeal. All funds remain unspent during the course of the year.

**The HLF fund**

Grant funding received from the Heritage Lottery Fund, for further development phases of the Hay Castle.

**The Headley Trust fund**

Grant funding received from the Headley Trust towards the restoration of the Hay Castle and the creation of a visitor and arts centre.

**Regeneration of Hay Castle fund**

A £5,000 grant was received from The Waterloo Foundation during the year towards the costs of "The Regeneration of the Hay Castle" project. This fund also includes £200,000 received from the Garfield Weston Foundation in 2017, £35,000 received from the Sylvia Waddilove Foundation in 2016 and a Visit Wales grant award of £120,000 which is yet to be received.

**Ernest Cook Trust fund**

Grant funding of £10,000 was received during the year from the Ernest Cook Trust towards the cost of a heritage learning officer post and activities plan.

**Country Houses Foundation fund**

Notification of a £100,000 grant was received in May 2016 from the trustees of the Country Houses Foundation for the replacement of the roof on the Jacobean section of Hay Castle.

**The Wolfson Foundation fund**

Notification of a £96,000 grant was received on 16 December 2016 from the trustees of The Wolfson Foundation towards the cost of a new sculpture gallery.

**The Leche Trust fund**

Grant funding received from The Leche Trust which is to be used towards the costs of window repairs at Hay Castle.

**Reading Room fund**

This fund includes £5,000 received from The Rothschild Foundation and a £1,000 grant received from Oakdale Trust towards the cost of a new reading room at Hay Castle.

**Education and Activity fund**

A £10,000 grant was received from The Hobson Charity to support the education and activity programme at Hay Castle.

**Heritage skills training fund**

Funding of £20,000 was received from The Dulverton Trust, a £25,675 grant from the Andrew Lloyd Webber Foundation and a £3,000 grant from The D'Oyly Carte Charitable Trust which is to be used to establish a heritage skill training programme.

**Powys War Memorial fund**

Grant funding of £5,000 received during the year from Powys County Council which is to be used towards the costs of the repair and restoration of the war memorial.

**Clore Duffield Foundation**

Notification of a £150,000 grant was received on 6 December 2017 from the Clore Duffield Foundation towards the cost of the learning space project.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 30 APRIL 2018

18. **MOVEMENT IN FUNDS - continued**

**Transfers between funds**

A transfer of £140,950 has been made from the general fund to a designated fixed asset fund in respect of the net book value of fixed assets at the balance sheet date.

A transfer of £96,164 was made during the year from the Heritage Lottery restricted fund to unrestricted funds in respect of assets purchased, where the purchase of the asset results in the restriction being met.

Furthermore, a transfer of £4,000 was made during the year from the Headley Trust restricted fund to unrestricted funds in respect of assets purchased, where the purchase of the asset results in the restriction being met.

19. **CONTINGENT LIABILITIES**

In line with the terms of the grant, the Heritage Lottery fund require prior approval should the property be sold and may require a share of the net proceeds. It is not the intention of the trustees to sell the property.

20. **RELATED PARTY DISCLOSURES**

At 30 April 2018, the charity accrued a donation of £5,000 from Mr P Greatbatch (2017: Nil) which was outstanding at the year end.

During the year Mrs N L Albert received remuneration of £52,116 (2017: £48,498). Mrs Albert is the spouse of Mr J Albert, a trustee of the charity.

Key management remuneration for the year ended 30 April 2018 amounted to £52,116 (2017: £48,498).

21. **FINANCIAL INSTRUMENTS**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>993,415</u>	<u>822,862</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>28,849</u>	<u>120,918</u>

Financial assets measured at amortised cost comprise of cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals.

22. **MEMBERS' LIABILITY**

The charity is a company limited by guarantee and consequently does not have any share capital. Each of the members is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.