

**Birmingham Organising Committee for
the 2022 Commonwealth Games Limited**

**Annual Report and Financial Statements
for the year ended 31 March 2020**

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Birmingham Organising Committee for the 2022 Commonwealth Games Limited

Annual Report and Financial Statements for the
year ended 31 March 2020

Presented to Parliament by Command of Her
Majesty

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Simon Ball
David Grevenberg CBE
Lyndsey Jackson
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Chair and Chief Executive's Foreword

We are pleased to introduce you to the second Report and Financial Statements for the Birmingham Organising Committee for the 2022 Commonwealth Games Limited ("the Company"). The Annual Report and Accounts have been prepared in a form directed by the Secretary of State for Digital, Culture, Media and Sport.

The Birmingham 2022 Commonwealth Games is a once-in-a-lifetime opportunity to put the city, the region and its people on the global stage. It is our responsibility to deliver, on time and on budget, a memorable and successful Games – one that brings together people from across Birmingham, the region and the Commonwealth.

Our first annual report detailed the establishment of the Company, its board and executive team, governance policies and procedures, agreement of the final Games budget, and other essential groundwork. In our second year of operation the focus has turned to the detailed work of planning and delivering the Games.

In and around Birmingham, the visible evidence of our work and the approaching Games can already be seen. The Countdown Clock in Centenary Square is in place and ticking down the days to go. Work has begun on the redevelopment of Alexander Stadium, the venue for athletics and ceremonies during the Games, which will live on as a high-quality centre for sport, leisure, community and cultural events for decades afterwards. Major construction has also begun on a brand-new venue, the Sandwell Aquatics Centre, and some of the work to upgrade existing venues, such as Leamington Spa's Victoria Park, which will host the bowls and para bowls competitions, has already taken place. The draft Strategic Transport Plan for the Games has also been published and an extensive engagement exercise gathered feedback from the public and interested parties. In the next few months another important visual landmark will be reached when we unveil our official Games Mascot. The design will be inspired by the imagination of hundreds of children from the West Midlands who sent in their own designs for our hugely popular nation-wide Mascot Makers competition.

The past few months have been extremely challenging for residents and businesses across the region and the country, as we all navigate through the uncertainty caused by the COVID-19 pandemic. The impact on the international sporting calendar has been seismic, with the Tokyo 2020 Olympic and Paralympics delayed by a year and the World Athletics Championships and UEFA Women's Euro tournament both moved from 2021 to 2022. After extensive collaborative discussion, the Commonwealth Games Federation announced that the Birmingham 2022 Commonwealth Games will open 24 hours later than originally planned and will now run from 28 July to 8 August 2022. This will allow the Games to span two weekends and give athletes extra time to rest and recover during what will be a very busy summer schedule of sport.

Given the circumstances in which the 2022 Commonwealth Games were awarded, Birmingham is planning and delivering these Games in less than five years instead of seven, a challenge to which the Games Partners have clearly risen. The Company together with its Games Partners (see page 6) recently announced changes to the plans for hosting athletes and officials. These changes mean that whilst the important regeneration scheme in Perry Barr, which will bring new homes and transport infrastructure, will still be delivered by Birmingham City Council, athletes and officials will now be accommodated in a village solution.

Three campus villages, with fantastic facilities close to competition and training venues, will be delivered at the NEC, the University of Warwick and the University of Birmingham, with the latter being the largest of the three and located close to Birmingham city centre. Detailed planning is underway with excellent support from partners and stakeholders across the region and we remain committed to ensuring athletes and officials have a superb experience.

Chair and Chief Executive's Foreword (*continued*)

COVID-19 is an ongoing issue, the full impact of which is yet to be fully understood at a regional, national and global level and it will create a more uncertain planning environment going forward. The OC is developing strong internal processes to identify and evaluate the emerging risks at the earliest opportunity and is putting in place a decision making framework to fully evaluate the potential scenarios as the pandemic continues.

The Perry Barr regeneration scheme, which will be delivered by Birmingham City Council and is completely transforming this area of the city, will continue to be a key element of the lasting legacy of the Games. Work is also well underway to make sure that the other benefits of hosting this huge sporting event – the biggest held in the UK since the London 2012 Olympic and Paralympic Games – are maximised and a Legacy and Benefits Committee has been established precisely for this purpose. This cross-partner group now includes five representatives from the local community, whose knowledge and experience is diverse, but they are united by a passion for this city and region.

We would like to pay tribute to our staff and Games partners, who have adapted at speed in challenging circumstances because of the pandemic. Throughout the crisis we have continued to appoint new suppliers and scale up our recruitment activities, offering hope and opportunity in these unprecedented times. During 2020 we will make available £145 million worth of contracts for tender and will recruit 109 people, doubling our existing workforce.

We will work with local businesses whenever we can to fulfil our aim of making sure that this event brings benefits to the region. By the end of the summer of 2022, regional suppliers will hopefully have benefited from an estimated £300 million worth of Games contracts.

We have also continued our work to make sure that local communities benefit as much as possible from the Games. Early in 2020 we launched our United by Birmingham 2022 programme, which recognises and raises awareness of the many community projects in the region and the excellent work they carry out. The first projects which are benefiting under the programme have already been announced and include a project that helps people with disabilities move into employment, a programme that supports veterans as they adapt to civilian life, and a volunteer programme that encourages people to donate the 'Gift of Time'. Other projects aim to bring together diverse communities, encourage more people into sport to improve their happiness and wellbeing, and engage young people in creating a greener environment. These are all outstanding initiatives and we are sure that many more will follow.

We are aware that the Commonwealth Games is a powerful platform and we therefore have an important opportunity and responsibility. We are committed to delivering a Games for Everyone and in particular to allow our region the opportunity to shine on the global stage in all its rich diversity, but recognise that there is always more work to do. We will continue to listen to our community and we are currently reviewing our organisational structure and leadership to make sure both reflect the diversity of Birmingham and the West Midlands.

An equality, diversity and inclusion action plan is also in development and this will be based on five priorities: to develop a workforce reflective of the West Midlands; to deliver a highly accessible and inclusive Games; to create a fair, supportive and open culture throughout Games delivery; to connect communities to the Games through engagement and participation; and to educate and develop our shared understanding on issues of inequality.

Chair and Chief Executive's Foreword (*continued*)

Putting on the city and region's biggest-ever sporting and cultural celebration will, however, take a co-ordinated effort from many people. By the time Birmingham 2022 begins, including Birmingham 2022 employees, there will be more than 40,000 people working in Games-time roles. This includes thousands of contractors, and more than 10,000 volunteers that will be recruited to help deliver the Games.

Together, we will create an event we will all be proud to be part of and one that the city, region and country will be proud to host.

John Crabtree OBE
Chair on behalf of Board
30 September 2020

Ian Reid
Chief Executive Officer
30 September 2020

Strategic Report

The Directors are pleased to present their strategic report for the year ended on 31 March 2020.

Principal activities

The Company is engaged in the planning, organising, staging and operation of the Birmingham 2022 Commonwealth Games (“the Games”). Funding is primarily provided by the Department for Digital, Culture, Media and Sport (“DCMS”) and Birmingham City Council (“BCC”) with further funding raised through ticket sales, sponsorship, broadcasting revenue and other commercial activities. The Company works closely with CGF Partnerships Limited (“CGFP”), the organisation which is responsible for securing sponsorship and broadcasting revenue, as well as ensuring the event is delivered efficiently for the benefit of future editions of the Games.

Games Partners

The delivery of the Games will require the Company to continue to work effectively with several partners.

The Company’s Funding Partners are DCMS and BCC (although it is recognised that other local bodies will provide funding to BCC as part of the wider funding plan). The Company has put in place the necessary reporting and governance structures to ensure that Funding Partners are regularly informed of its performance against its budget targets.

A wider group of Games Partners will deliver certain infrastructure and other projects and their involvement is reflected in the relevant governance structures of the Games. Organisations represented alongside the Company in those governance structures are BCC, DCMS, West Midlands Combined Authority, Transport for West Midlands (“TFWM”), West Midlands Police, Commonwealth Games Federation (“CGF”) and Commonwealth Games England. Projects delivered by other Games Partners are outside of the scope of the Company and not included in this set of financial statements which include only the specific activities undertaken by the Company.

Strategy and Objectives

The Company is committed to organising and delivering the Games on time and within budget. It will do this in a way that fully realises the aspirations of the Birmingham bid, the hopes and expectations of the people of the city and region and the contractual obligations of the Host City Contract.

Birmingham 2022 is a once-in-a-life-time opportunity to put the region, the city and its people on the global stage. This will be the ‘Games for Everyone’, bringing people together, improving health and wellbeing and helping the region to grow and succeed. The Games is already a catalyst for transformation, accelerating new housing and transport, creating jobs and apprenticeships and bringing increased opportunities for trade and investment.

Birmingham 2022 will be an inclusive Games that embraces and champions the youth, diversity, humanity and pride of Birmingham and the West Midlands. This is a region that is home to 187 nationalities, so Birmingham 2022 will be a ‘home Games’ for every nation, as well as a world-class international celebration of sport and culture that will bring benefits and leave a lasting legacy.

Business review

A number of important milestones have been met during this financial year. The Lifetime Games Budget was approved by the Government in June 2019, and the final appointments to the Executive Team were made in May. In July 2019, “three years to go” was marked with a series of 11 community engagement events, including a large-scale, public event in Centenary Square, where the distinctive Birmingham 2022 brand and logo, which was developed with the input of more than 1,000 residents of Birmingham and the West Midlands, was unveiled.

Strategic Report (continued)

Business review (continued)

In June 2019 the Company proposed extending the sports programme by adding three sports – Women’s T20 Cricket, beach volleyball and para table tennis. In August, it was confirmed that the 71 Commonwealth Games Associations had voted to agree this proposal. This means that Birmingham 2022 will have the biggest ever para sport programme at a Commonwealth Games and it is likely that more medals will be awarded to women than men for the first time ever.

Along with its transport partner, TFWM, the Company published the Draft Games Strategic Transport Plan and a full regional engagement plan was implemented, providing stakeholders and local people with the opportunity to provide feedback. We have also appointed a host broadcaster, Sunset + Vine, following an international tender process. Sunset + Vine recently won the RTS award for Best Sports Programme for its coverage of the 2019 ICC Cricket World Cup Final, and provided coverage for the Commonwealth Games at the Gold Coast in 2018 and Glasgow in 2014.

Major construction work began on the new Sandwell Aquatics Centre earlier this year and the work on redeveloping the Alexander Stadium is also underway. As part of the two years to go celebrations, Smithfield, in the heart of Birmingham city centre, was announced as the venue for the beach volleyball, 3x3 basketball and wheelchair basketball 3x3 competitions. The Birmingham Commonwealth Games Bill was also introduced into the House of Lords and has been progressed through parliament, completing its final stages on 11 June 2020.

The Athletes’ Advisory Committee, which advises the Company on how it can create the best possible sporting experience for the 4,500 athletes that will take part in the Games, is up and running and will meet at least three times a year. The Company has also recruited five community representatives to the Legacy and Benefits Committee and the Games Partners have appointed a Director of Legacy, to make sure that the Games leave a strong and lasting legacy for Birmingham and the West Midlands; as well as a comprehensive programme of benefits in areas including tourism, jobs, sustainability and wellbeing.

The Games is a once-in-a-generation opportunity to showcase the UK to international investors, businesses, entrepreneurs, students and visitors. In its March 2020 budget, the Government announced a multi-million pound investment which, combined with additional funding from WMCA, will deliver a £24m Trade, Tourism and Investment (TTI) programme. The TTI programme will be delivered by the West Midlands Growth Company, the Department for International Trade and VisitBritain, working alongside the Company, the GREAT Britain Campaign, and regional stakeholders.

The main objectives for the coming year include:

- Confirmation and announcement of the sports programme schedule;
- Confirmation and announcement of the final competition venues, including the venues for the cycling road race and time trial;
- Appointing a number of key suppliers, including for telecoms, sports presentation and uniform;
- Confirming all official training venues and the location of the uniform and accreditation centre;
- Creating and launching the official Games mascot;
- Unveiling the design for the medals and the Queen’s Baton;
- Publishing the legacy plan;
- Engaging with the Commonwealth Games Associations to understand team sizes;
- Seeking approval for the Queen’s Batons Relay international route; and
- Preparing for the volunteering and ticketing launches.

The Company will also continue with detailed venue operational planning around resource scoping, venue design and equipment requirements.

Strategic Report (continued)**Key performance indicators**

The Company is set up to complete the planning, organisation, staging and operation of the Birmingham 2022 Commonwealth Games. The key performance measures are:

KPIs	2019/20 Commentary
Delivery of actions in line with both the integrated project plan agreed by the Games Partners and the Company's internal project plan	<p>All key deliverables in the year have been met in line with the Project Plan.</p> <p>The Company continues to closely monitor the project plan and closely monitor the impact of COVID-19 on the attainment of all key deliverables.</p>
Forecast outturn versus budget	The outturn for the year was in line with the budget for the period.
Meeting delivery obligations at a cost within the Company's part of the Games budget	Costs to date are in line with the Company's overall Games Budget. The Company continues to closely monitor any financial risks identified especially with the developing COVID-19 risks in mind, to ensure delivery obligations can be met within budget..
Major procurement outcomes are in line with budgeted costs and demonstrate value for money.	The main procurements in the year were within the estimated budgeted costs. The Company continue to closely monitor budgeted costs during all procurement activities. Value for Money is a key focus in all procurements.
Hiring in line with the agreed workforce plan and recruitment that is reflective of the city and the region	<p>The vision for Birmingham 2022 is to be the 'Games for Everyone' but the Company recognises that there is always more work to do. The Company is still establishing itself and so far, has only recruited a tenth of the number of staff that will be employed by the summer of 2022. The Commonwealth Games is a powerful platform and the Company is aware of the responsibilities and opportunities that this brings. Equality, Diversity and Inclusion (EDI) is a key priority and as a result of ongoing conversations with the local community, the Company has committed to reviewing its organisational structure, to make sure it is reflective of the region, and ensuring that its growing workforce reflects the world in which we live. The Company is currently recruiting a Head of Equality, Diversity and Inclusion and a community engagement team.</p> <p>The Company started working towards Leaders in Diversity accreditation in late 2019 and an EDI working group is developing an organisation-wide action plan, with the support of its executive sponsor, Chief Executive Officer Ian Reid.</p> <p>This plan will be based on five agreed principles: developing a workforce reflective of the West Midlands; delivering a highly accessible and inclusive Games; creating a fair, supportive and open culture throughout Games delivery; connecting communities to the Games through engagement and participation; and educating and developing our shared understanding on issues of inequality.</p> <p>The Company continues to work with Games Partners, and other organisations and groups across the region, to raise awareness of employment opportunities and attract applications from the broadest possible pool of candidates. Recruitment has continued in line with the agreed workforce plan. There has been no impact as a result of COVID-19 on the Company's ability to recruit and onboard new employees. This has enabled divisional leads and recruiting managers to continue to work to planned programmes.</p>

Strategic Report (continued)

Key performance indicators (continued)

KPIs	2019/20 Commentary
Projected workforce costs against budget	The workforce costs for year ended 31 March 2020 were within the expected budget. Budgets are monitored on a monthly basis with variances reviewed and explained.

Principal risks and uncertainties

The Board has assessed the key risks and uncertainties impacting the Company. These are summarised in the Governance Statement included as part of this report.

The Company has conducted a wide assessment of the impact of COVID-19 at this stage. This included a financial risk assessment of the potential impacts, with recommendations being presented to the Board. The Company continues to monitor the risk impact of COVID-19 on the business.

Festival 2022 Ltd

During the year the Company agreed with DCMS that it would establish a subsidiary with an independent board to develop plans for a UK-wide cultural festival in 2022. The Company is pleased to have been asked to undertake this role, which reflects the Government's confidence in the creative skills within the organisation and its delivery and governance capabilities. The subsidiary Festival 2022 Ltd was incorporated on 1 May 2020.

The process of recruiting the Chair and initial Board Directors for Festival 2022 Ltd has been completed. The Board will have full oversight over decisions and operational matters for the subsidiary. In order to minimise inefficiencies and maximise the effective use of public money, the subsidiary will share some of the Company's back-office corporate functions. As a result, the Company's Executive Management team will play a role in ensuring and protecting effective governance within the subsidiary.

By order of the Board

John Crabtree OBE
Chair on behalf of Board
30 September 2020

One Brindleyplace
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B1 2JB

Directors' Report

Registered number 11120160

The Directors are pleased to present their Annual Report on the affairs of the Company, together with the Remuneration Report, Financial Statements and Auditor's Report for year ended 31 March 2020. The Governance Statement set out on pages 14 to 23 forms part of this report.

The Company is limited by guarantee without share capital.

The Financial Statements included within this document have been prepared in accordance with the Companies Act, under International Financial Reporting Standards ("IFRS") and in line with the Accounts Direction issued by DCMS.

The Commonwealth Games in Birmingham 2022 is funded by a combination of public expenditure (split 75:25 between National and Local government) and commercial income generated by the Company and its partners. Together these two sources of funding make up the majority of the revenue of the Company. Government funding is provided by the "Grant-in-aid" process which effectively means money will be released to the Company as it is required in line with its commitments. This will have the impact in the profit and loss account of creating a surplus of zero in the pre-Games financial year, as Grant-in-aid revenue is calculated to meet but not exceed the costs of the business. The Commercial Income in the current year has been received through Value in Kind services provided to the Company by Games Sponsors.

Directors

The Board comprises Directors nominated by Games Partners, together with independent appointments (denoted by * in the table below).

The Company's non-executive directors are:

Derrick Anderson CBE

Simon Ball

Jonathan Browning* (resigned 5 October 2020)

John Crabtree OBE

David Grevemberg CBE

Zahara Hyde Peters OBE* (resigned 28 November 2019)

Lyndsey Jackson*

Helen Judge

Dame Louise Martin DBE (resigned 27 July 2020)

Ian Metcalfe

Dame Julie Moore DBE

Sandra Osborne-Burgess SCM QC (appointed 27 July 2020)

Eleanor Simmonds OBE*

Nicholas Timothy*

Councillor Ian Ward

Directors' Report (continued)

Financial Results

The result for the year is detailed on page 33.

The most significant expenditure item during the year was £4m of payments made to the CGF. These payments are defined in the Host City Contract and include elements relating to Joint Marketing Programme Arrangements with Commonwealth Games Associations as well as the Host City Fee. The other expenditure mainly relates to workforce, marketing, transport, security and technology.

As noted earlier, the majority of the Company's income during the year has been received through public funding from both the Government and BCC. Additionally, the Company has Value in Kind revenues resulting from services provided to the Company by Games Sponsors.

The Company also received £415,000 of development funding as Grant-in-aid to develop plans, in collaboration with the devolved administrations, for the curation, management and promotion of Festival 2022. This was awarded under a Memorandum of Understanding between DCMS and the Company.

Treasury Policy

During the year the Company did not hold any shares or other investments. On 1 May 2020 a Special Purpose Vehicle, "Festival 2022 Ltd", was incorporated. This is a 100% subsidiary of the Company.

The Company's cash requirements are funded through Grant-in-aid from DCMS on the basis of need, in accordance with HM Treasury guidance, Managing Public Money.

Investment in Non-Current Assets

The Company spent £319,000 on non-current assets during the year. This largely relates to information technology software and equipment. In addition, the Company capitalised £3,663,000 in relation to the Company Headquarters lease under IFRS 16.

Future Non-Current Asset Investment

In 2020/21 the Company forecasts the recognition of capital assets of £1m. The majority of this relates to the office fit-out and IT costs.

Employees with a Disability

The Organising Committee has recently been awarded the status of a "Disability Confident" approved employer. This means that we are fully committed to the elimination of unlawful and unfair discrimination and we value the differences that a diverse workforce brings to the organisation. Applicants through this programme will have the option to request that they be considered under the guaranteed interview scheme for a position, if the minimum criteria in the job description is met. The Company has a proactive attitude when it comes to looking after the wellbeing and inclusion of all our employees. We are diverse in our approach to recruitment and recognise that talent comes in all different forms. It is the policy of the company that the training, career development and promotion of people with a disability should, as far as possible, be identical to that of other employees.

Employee Consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and the performance of the Company. This is achieved through formal and informal meetings, regular email updates and information posted on the Company's shared online system.

Directors' Report (*continued*)

Diversity

The Company is committed to a policy of equality of opportunity in its employment practices and continues to develop a diverse workforce that is reflective of the people in the West Midlands region, with the company set to grow tenfold in the next two years. The Company will ensure that no potential or actual employees receive more or less favourable treatment on the grounds of race, marriage and civil partnership, pregnancy and maternity, age, sex, gender reassignment, sexual orientation, disability and religion or belief.

An Equality, Diversity and Inclusion (EDI) working group was set up in early 2020 to ensure processes and policies in this area are constantly reviewed. It has input from staff at different levels of the organisation, and challenges what the Company does and how it does it. A Head of Equality, Diversity and Inclusion will be appointed in the next few weeks and an action plan is currently being developed. This plan will be based on our five agreed principles: developing a workforce reflective of the West Midlands; delivering a highly accessible and inclusive Games; creating a fair, supportive and open culture throughout Games delivery; connecting communities to the Games through engagement and participation; and educating and developing our shared understanding on issues of inequality.

The National Centre for Diversity (“NCFD”) has developed the Leaders in Diversity Accreditation which is recognised across the UK as an independently-verified methodology for improving EDI practices in the workplace. The Company is developing a plan to support progress towards becoming Leaders in Diversity. The plan will sit alongside the Company’s existing policies and play a key part in its approach to EDI by embedding the NCFD principles of FREDIE; Fairness, Respect, Equality, Diversity, Inclusion and Engagement. An all-staff e-learning programme has also been rolled out.

Accessibility

Birmingham 2022 is committed to delivering a highly accessible, inclusive and successful Commonwealth Games, ensuring a safe, independent and dignified experience for all.

As part of the Company’s commitment to accessibility and inclusion, the Birmingham 2022 Inclusive Games Standard will provide an unparalleled level of accessibility – including accessible seating and wheelchair bays, accessible accommodation for athletes and the use of assistive technology to improve access to information and ticket systems. The aim is to organise the most accessible Commonwealth Games ever held. The Birmingham 2022 Accessibility Advisory Forum, formed of accessibility specialists, charities, and representatives from venues and Games Partners, is providing expert advice to the Company in the run-up to the Games.

An accessibility commitment, our strategy, has been developed and will be promoted and implemented by the Accessibility Manager.

Sustainability

The sustainability of the Games is a key consideration of the Company and is embedded in every aspect of its operations. This is reinforced by the implementation of the Four Cs; Certification, Carbon, Circular Economy and Conservation. Through adhering to these Four Cs, the Company:

- is pursuing certification to the ISO 20121 standard for sustainable events management;
- will work towards to the regional ambitions of carbon net zero;
- will implement the circular economy principles in all its operations, and
- will ensure the conservation of wildlife and natural resources in the development of all Games time venues.

Directors' Report *(continued)*

Sustainability *(continued)*

Since the last report, the Company has developed a sustainability commitment. This is now being promoted and implemented by the Sustainability Manager and includes the development of the sustainability measures the Company will use to deliver the Games. The Company will also encourage local communities and businesses involved in the Games to implement more sustainable practices and connect stakeholders with the environment.

To demonstrate Birmingham 2022's commitment to sustainability, the Company has recently signed up to the UN Sports for Climate Action Framework, becoming the first ever Commonwealth Games to do so. This commitment enshrines the United Nations' 17 Sustainable Development Goals (SDGs), which are also referenced throughout the Company's Social Value Charter and Legacy workstreams.

While the Company is currently exempt from the requirement to prepare a full sustainability report because it has fewer than 250 full-time equivalent staff, it has begun to measure a variety of sustainability metrics to produce a baseline to report against in the future. These metrics will include:

- Waste production by all Head Office and venue activities;
- Water consumption both at Head Office and across all of our venues;
- Greenhouse gas emissions derived from office and site utility emissions and transport (road, rail and air); and
- Volume of paper being used.

Political and charitable contributions

During the year the Company made no charitable or political contributions.

Disclosure of information to auditor

The Directors, who held office at the date of approval of this Directors' report, confirm that, so far as they are each aware, there is no relevant information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and the National Audit Office will therefore continue in office.

By order of the Board

John Crabtree OBE
Chair on behalf of Board
30 September 2020

One Brindleyplace
Birmingham
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Governance Statement

This statement sets out the governance structures, risk management and internal control procedures which the Company had in place during the year ended 31 March 2020. It also covers future plans in place to ensure the Company is in the best place strategically to deliver the Games.

Delivering the Games is a large and challenging project, so it is important to ensure that appropriate governance systems, structures and processes are in place. These systems will provide the clarity, accountability and transparency needed in order to effectively deliver the Games.

Compliance with the Corporate Governance Code

A review of the Government's Corporate Governance Code of Good Practice 2017 (the Code) has been completed and it was concluded that the Company has complied with the areas applicable to an Arm's Length Non-Departmental Public Body ("NDPB").

Accounting Officer

The Accounting Officer of the Company is accountable to the Secretary of State for DCMS and the Permanent Secretary of DCMS, for maintaining sound systems of governance, risk management and internal control. These systems support the achievement of Company policies and strategic objectives, while safeguarding the public funds and assets for which he is personally responsible, in accordance with Treasury guidance "Managing Public Money". The Accounting Officer is also responsible for using the public funds and assets assigned to the Company economically, efficiently and effectively.

The Chief Executive Officer of the Company was the Accounting Officer for the whole of the reporting period.

Company Board

The governance process is led by the Company Board. Chaired by John Crabtree OBE, it meets on a two monthly basis and the Board is comprised of nominees from Games Partners and independent appointments. The Company Board met eight times during the year holding six scheduled two-monthly meetings and two extraordinary meetings held in January and February 2020.

During the year the Board has focused on the following areas:

- the additional sports review and sport to venue optimisation process;
- approval of key policies (including sustainability and accessibility);
- reviewing the capital projects being undertaken for the Games by the Games Partners;
- the key risks and issues facing the Games;
- specific Games' approvals (e.g. major procurement and sponsorship contracts); and
- the lifetime budget for the Games.

The Company completed a Board Effectiveness exercise which was reviewed and discussed at the 20 November 2019 meeting.

Biographies of all Board members can be found on the Company website at www.birmingham2022.com.

Governance Statement (continued)

Board attendance for year to 31 March 2020

Board Member	May-19	Jul-19	Sep-19	Nov-19	Jan-20	Jan-20	Feb-20	Mar-20	Attendance
John Crabtree OBE ****	✓	✓	✓	✓	x	x	x	✓	5 out of 8
Derrick Anderson CBE	✓	✓	✓	✓	✓	✓	✓	✓	8 out of 8
Simon Ball	✓	✓	✓	✓	✓	✓	✓	✓	8 out of 8
Jonathan Browning	✓	✓	x	✓	✓	✓	✓	✓	7 out of 8
David Grevemberg CBE	✓	✓	✓	✓	✓	✓	✓	✓	8 out of 8
Lyndsey Jackson	✓	✓	✓	✓	✓	x	✓	✓	7 out of 8
Helen Judge *	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	2 out of 2
Dame Louise Martin DBE	x	✓	x	✓	✓	✓	✓	✓	6 out of 8
Ian Metcalfe	✓	✓	✓	✓	✓	x	x	✓	6 out of 8
Dame Julie Moore	✓	✓	✓	x	x	✓	✓	✓	6 out of 8
Zahara Hyde-Peters OBE ***	✓	✓	✓	✓	N/A	N/A	N/A	N/A	4 out of 4
Eleanor Simmonds OBE	x	✓	x	x	x	✓	x	✓	3 out of 8
Nicholas Timothy	✓	✓	x	✓	x	x	x	✓	4 out of 8
Councillor Ian Ward	✓	✓	✓	x	x	x	✓	✓	5 out of 8
Alternate Members									
Brigid Jones **	N/A	N/A	N/A	✓	✓	✓	N/A	N/A	3 out of 3
Sam Lister *	N/A	N/A	✓	✓	✓	✓	✓	✓	6 out of 6

* Special leave taken from July 2019. Sam Lister appointed an alternate during this time

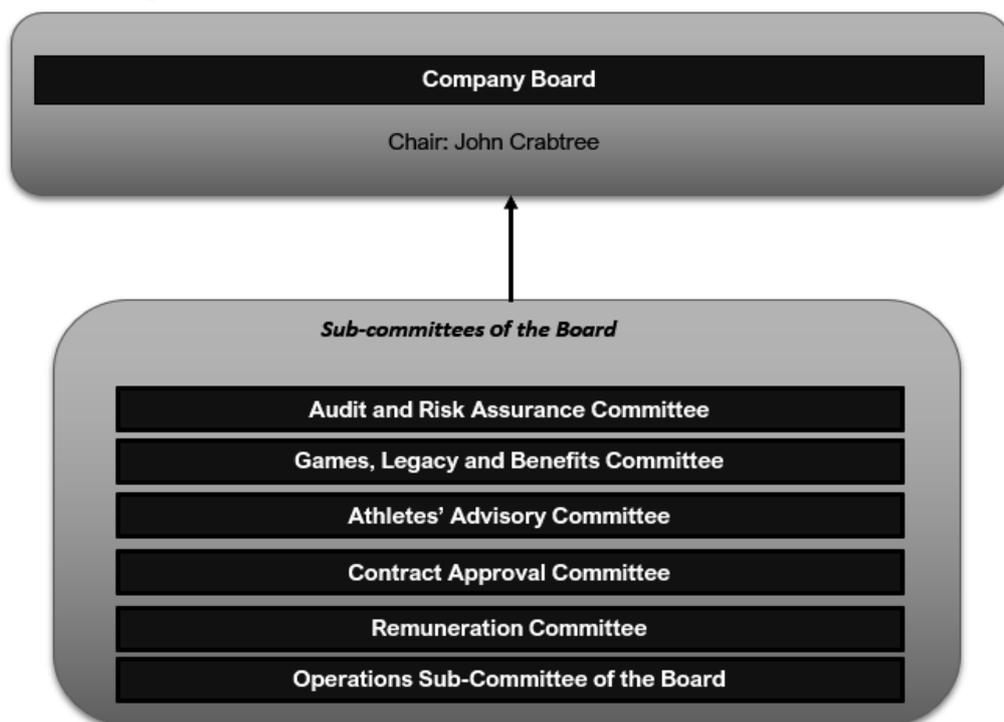
** Councillor Brigid Jones attended as an alternate Director of Councillor Ian Ward

*** Resigned 25 November 2019

**** In the Chairs absence the Board meetings were chaired by Simon Ball

Sub Committees of the Board

The below diagram represents the structure of the Board and its sub-committees.



Governance Statement (continued)

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) provides independent oversight of the financial control framework; reviews and recommends the financial statements to the Board; develops the internal audit plan; monitors the implementation of internal and external audit recommendations and reviews the Company's risk framework. Additionally, the ARAC ratifies the appointment or dismissal and remuneration of the Internal and External Audit providers.

The ARAC is chaired by Simon Ball (Non-Executive Director). In discharging his responsibility, the ARAC chair meets regularly with the Company's Accounting Officer, members of the Executive Board, the internal auditors and the National Audit Office to discuss issues and assess the ARAC's performance to ensure that it is fulfilling its objectives and remit.

During the year the ARAC provided advice and challenge to the Company on its internal controls and processes, risk appetite, financial policies and fraud management policies in line with its Terms of Reference.

The ARAC also considers external and internal audit plans and reports. During the year the Company appointed an internal auditor and a work programme was developed and executed for 2019/20. An audit plan for 2020/21 has been developed and audit work has commenced.

ARAC attendance for the year to 31 March 2020

ARAC Committee Member	May-19	Oct-19	Jan-20	Feb 20	Attendance
Simon Ball	✓	✓	✓	✓	4 out of 4
Helen Judge ****	✓	n/a	n/a	n/a	1 out of 1
Sam Lister ****	n/a	✓	✓	✓	3 out of 3
Cllr. Ian Ward (resigned from position 15 Aug 2019)	✓	n/a	n/a	n/a	1 out of 1
Clive Heaphy (appointed 19 Aug 2019) ***	n/a	✓	✓	✓	3 out of 3
Nicholas Timothy	✓	✓	✓	✓	4 out of 4
Chantal Henderson *	✓	✓	✓	x	3 out of 4
Gill Ball (appointed 27 Nov 2019) *	n/a	✓ **	✓	✓	2 out of 2

* Ex-officio member

** Observer prior to appointment

*** Birmingham City Council representative

**** Special leave taken from July 2019. Sam Lister appointed an alternate during this time

Athletes' Advisory Committee

The Athletes Advisory Committee has been set up to give the Board and the Company's executive management team advice on the planning and delivery of the Games from an athlete's perspective. The committee will help ensure the best possible experience for all participants. The members of the committee represent a wide-range of sports – athletics, para athletics, netball, squash, triathlon & weightlifting. All members are Commonwealth Games medallists from previous Games.

The committee met three times in 2019/20 to discuss a range of issues that will impact on athletes in the lead up to and during Birmingham 2022. The committee will meet up to six times in 2020/21.

Governance Statement (continued)

Contract Approval Committee

The Contract Approval Committee (“CAC”), which acts on behalf of the Board, was chaired by Jonathan Browning (Non-executive Director) and is responsible for ensuring that significant procurement and other contractual activity is subject to appropriate review and approval in line with the Company’s Scheme of Delegation. It is delegated to approve the sourcing strategy for all contracts with a value greater than £1m and the award of all contracts that have a proposed value between £1m and £5m. All contract awards above £5m require Board approval.

CAC Committee Member	May-19	Aug-19	Sep-19	Oct-19	Dec-19	Mar-20	Attendance
Jonathan Browning (chair)	✓	✓	✓	✓	✓	✓	6 out of 6
Dame Julie Moore	✓	✓	✓	✓	✓	✓	6 out of 6
David Leather **	✓	x	✓	✓	✓	✓	5 out of 6
Ian Metcalfe	✓	✓	✓	✓	✓	✓	6 out of 6
Neil Carney ***	x	x	x	✓	✓	N/A *	2 out of 5

* Member left the Committee in January 2020

** Representative of CGFP

*** Representative of BCC

Games Legacy and Benefits (“LAB”) Committee

The Games Legacy and Benefits Committee (“LAB”) is responsible for setting the strategic direction of the Company’s approach to Games legacy. The Committee brings together representatives from Games Partners including BCC, West Midlands Combined Authority (“WMCA”), DCMS and the Commonwealth Games Federation (“CGF”) as well as five independent members with a range of expertise. The Committee will oversee legacy activity in a programme-based approach which will bring together input from ten key areas including; community cohesion, culture, tourism, trade and business, jobs and skills, education, infrastructure, transport, sustainability, accessibility and physical activity.

LAB Committee Member	Jun-19	Sept-19	Dec-19	Feb-20	Attendance
John Crabtree	✓	✓	✓	x	3 out of 4
Deborah Cadman	✓	✓	✓	✓	4 out of 4
Martin Reeves	✓	✓	✓	✓	4 out of 4
Cllr. Ian Ward	✓	✓	✓	✓	4 out of 4
Bruce Robertson	✓	✓	✓	✓	4 out of 4
Helen Judge *	✓	N/A	N/A	N/A	1 out of 1
Sam Lister *	N/A	x	x	✓	1 out of 3
Casey Bailey (appointed 20 February 2020)	N/A	N/A	N/A	✓	1 out of 1
Nicola Ibbetson (appointed 20 February 2020)	N/A	N/A	N/A	✓	1 out of 1
Anisa Morridadi (appointed 20 February 2020)	N/A	N/A	N/A	✓	1 out of 1
Sarah Rennie (appointed 20 February 2020)	N/A	N/A	N/A	✓	1 out of 1
Fleur Sexton (appointed 20 February 2020)	N/A	N/A	N/A	✓	1 out of 1

* Special leave taken from July 2019. Sam Lister appointed an alternate during this time

The Committee is comprised of two types of member; those who are associated with the Games through their employment with a Games partner organisation, and ‘expert’ independent contributors. Deborah Cadman, WMCA CEO, and Bruce Robertson, Vice-President of CGF, were selected to represent the legacy inputs of their respective organisations, while also expanding legacy focus to include regional and international audiences. Martin Reeves is the CEO of Coventry City Council and was selected as a committee member to represent Coventry as both a venue host and West Midlands-based city, as well as for his breadth of local knowledge supported by his previous role as CEO of WMCA.

The five independent LAB Committee members, appointed in February 2020, bring very different knowledge and experience across a range of legacy areas including youth voice and engagement, employment and skills, accessibility and sport. All share a passion for ensuring that the city of Birmingham and the West Midlands maximises the legacy opportunities that hosting a globally significant event like the Commonwealth Games brings.

Governance Statement (continued)

Remuneration Committee

The main purpose of the Remuneration Committee (“REMCO”) is to approve salary exemptions, role changes and banding increases, to agree on the performance appraisal system, to agree Chiefs’ and Directors bonus awards, to approve redundancy payments, to approve terms in relation to termination of contracts and to review the reward policy periodically. The committee met once during the year:

REMCO Committee Member	Aug-19	Attendance
Lyndsey Jackson	✓	1 out of 1
John Crabtree	✓	1 out of 1
Derrick Anderson	✓	1 out of 1

Operations Sub-Committee of the Board

This new committee was approved by the Board on 12 August 2020 and will be chaired by Lyndsey Jackson. The committee will have five ex-officio members, all of whom are experts in the field of operations. The members and chair will be assisted by the Company’s Executive Director of Operations and the Executive Director of Games Services and Workforce.

Declaration of interests

All Board members have disclosed their range of interests in order to minimise conflicts. The register of interests of each Director can be seen on the Company website at <https://www.birmingham2022.com/corporate/who-we-are/board-of-directors/>.

Information management

The Company’s Board and its sub-committees are provided with a range of management performance reports, risk registers and corporate data information, in order to review its performance and capability. The Board secretariat oversees this information and ensures that the quality of the data complies with the Company’s guidance on writing board papers, in order to facilitate informed discussion and decision making.

The Company has undertaken a Board effectiveness evaluation, as well as a self-assessment of the Audit and Risk Assurance Committee during this period. These evaluations will continue to be carried out on an annual basis.

Policies and Procedures

The Company now has in place all of the key policies and procedures it requires for the forthcoming activities. As the Company goes through its lifecycle, additional policies and procedures will be drafted to reflect the ongoing business needs and transactions. The Company will also ensure it responds to any new or emerging risks and draft new policies or procedures to manage these as required.

The key policies are as follows:

- Staff Code of Conduct;
- Freedom of Information Policy;
- Workplace Behaviours Policy;
- Anti-Slavery and Human Trafficking Policy;
- Equal opportunities, Diversity and Inclusion policy;
- Procurement Policy;
- Scheme of Financial Delegation;
- Whistleblowing Policy;
- Travel and Expense Policy;
- Anti-Corruption, Counter Fraud, Bribery, Gifts and Gratuities Policy; and
- Information Security Policy.

Governance Statement (continued)

Risk Management Summary

Overall, good progress is being made across all operational departmental work streams. As the Company workforce has grown and functional areas onboard dedicated resources, the Company Programme and Risk Management team has transferred responsibility for identifying and managing issues and risks to the functional areas, while continuing to deliver guidance, support and oversight of the risk management processes.

The Company Programme and Risk Management team continues to provide full oversight to the management of issues and risks, including undertaking monthly department-level review sessions to challenge the content of all programme products, ensure items are identified for escalation where required and all actions are being completed as scheduled.

Those responsible for the principal work streams are monitoring and managing risks and issues as they arise. In addition, risks affecting areas of the programme beyond the remit of the Company are discussed through the various governance forums, where there is challenge both to risk ratings and the adequacy of mitigating actions.

Strategic Risks

In November 2018 the Games Partners agreed a set of Strategic Risks to be managed and monitored. The Company's Programme Management and Integrated Planning team (PIP) regularly reviews the status of these risks across all Delivery Partners and provide updates to the Strategic Board on a quarterly basis.

Risk Management is a core element of Project and Programme Management and the Company's approach to Risk Management follows recognised industry standards. Information and intelligence related to Risk Management and mitigation is regularly shared across all relevant partners.

By their very nature Risk Registers are 'living documents' and are continually edited and updated. This is in addition to regular, comprehensive reviews by appropriate officers to consider every risk in detail, to ensure each one is being managed effectively.

This list aims to capture the principle risks which could possibly impact on the Games. Risks identified should not necessarily be considered likely to occur or that the Company considers them likely to occur.

The principal risks which the Board monitored during the year were as follows:

1. Lack of approved Games budget (subsequently mitigated by formal budget approval)
2. Delays to capital projects/ new venue build
3. Public support for the Games
4. Games security
5. Effective operation and integration of Games Partners
6. Games legislation
7. Cost and/or delivery challenges arising from EU Exit
8. Political change
9. Benefits, Legacy and Engagement
10. Athlete attendance
11. Games Transport Model
12. Impact of COVID-19

Governance Statement (continued)**Strategic Risks (continued)**

The impact of the COVID-19 pandemic has required the Company to consider both the specific challenges arising from the virus as well as the wider impact on the existing risks being managed by the Company. This includes consideration of planning activities, as well as Games time Covid-19 related scenarios. The disclosure below summarises the key actions taken by the organisation in response to the pandemic.

Staff wellbeing	<p>The Company has required that its staff work from home since the imposition of the lockdown. The Company's existing IT strategy meant that it was well placed to support colleagues with these changed arrangements with all staff being provided with a laptop and access to a secure video conferencing platform.</p> <p>As the duration of the lockdown increased the Company has kept in regular contact with its employees at both a formal and informal level with a focus on ensuring wellbeing and healthy working patterns and behaviours.</p>
Programme delivery	<p>The Company has sought to maintain a business as usual approach to its programme delivery, reflecting any required changes to its programme through its existing programme governance arrangements.</p> <p>No staff have been furloughed during the pandemic and the Company has continued to recruit and induct new staff into its remote working model. This reflects the ambition of the Company to maintain progress during this period.</p>
Global sporting calendar	<p>The Company has worked successfully with the Commonwealth Games Federation, in order to ensure that the reorganisation of the Global sporting calendar, arising from postponements in 2020, does not significantly impact the schedule for the Birmingham 2022 Games.</p>
Review of Games related capital projects	<p>There has been a change in the way the Athletes will be housed during the Games – moving from a new build scheme to a University and Hotel based solution.</p> <p>The Company continues to work with partners to monitor the ongoing impact of COVID-19 and other pressures on the deliverability of the other capital projects and has appropriate contingency plans in place to ensure the full sports programme can be delivered for the Games. Specifically, the Games Partners have developed detailed plans to mitigate risks in respect of the Sandwell Aquatics Centre.</p>
Supply chain	<p>The Company has fully implemented the relevant Public Procurement Notices issued by the Government to provide support to its existing suppliers.</p> <p>In addition, the Company has reviewed its procurement pipeline to identify areas where the pandemic may adversely affect security of supply or the economics of the relevant market.</p>
Budget review	<p>The Company has evaluated the financial impact of the risks and issues emerging from the pandemic and has made the necessary adjustments across its portfolio of plans in order to accommodate those impacts. The situation will continue to evolve, and the Company is mindful that its financial requirements and plans may need to flex accordingly.</p>

Governance Statement (continued)

Strategic Risks (continued)

Regional recovery	The Company has sought to understand the City and Region's plans for recovery from the pandemic so as to best align its activities with those plans in order to maximise the impact of the investment in the region and wider opportunity which the Games represents.
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Going forwards, the Company will continue to monitor the risks and issues arising from the pandemic in line with its risk management framework which is described in more detail below.

Risk Management Framework

The Company has developed a Risk Management Framework based on International Standard ISO 31000 Risk Management Process, which was approved by the Board in November 2018. The Company developed a risk management culture where employees and stakeholders are aware of the importance of monitoring and managing risk and their role within the process.

Risk Management is focused within the departments and guidance, and support and oversight of this process is delivered by the Programme Management and Integrated Planning team. This team provides a central co-ordinating function that undertakes trend analysis across the organisation, ensures risk management best practice is embedded and manages the escalation of cross departmental risks that impact multiple Games delivery partners.

The representative from the Company chairs the Cross-Partner Programme Group (CPPG) and Birmingham 2022 takes the lead on the delivery and reporting of issue and risk management practices on behalf of all partners. A monthly issue and risk summary is provided to the Chief Executive Officers Group where items are escalated for support, decision or action as appropriate.

Risk Oversight

The Company Board operates an established sub-committee, the Audit and Risk Assurance Committee (ARAC), which includes the following responsibilities in relation to risk: to investigate Company organisational risks on behalf of the Company Board, to oversee the implementation of the Risk Management Framework and to review and challenge any emerging risks mitigating actions within the control of the Company's management team.

As part of its duties during this reporting period, the ARAC commissioned an internal audit of the Company's issue and risk management practices, receiving a number of findings and recommendations. Action plans are currently underway to respond to the recommendations provided.

Information Risk

The Company has undertaken a number of developments during the year to migrate to Microsoft's Modern Workplace environment and implement security policies in line with the National Cyber Security Centre's guidelines. The Company has appointed an interim IT supplier while the long-term partner is procured. A number of further enhancements are in the pipeline, however the tool sets provided have enabled the Company to move successfully and swiftly to fully remote working during the period of COVID-19 lockdown.

There have been no data losses or personal data incident reported in the year.

Governance Statement (continued)

Programme Management

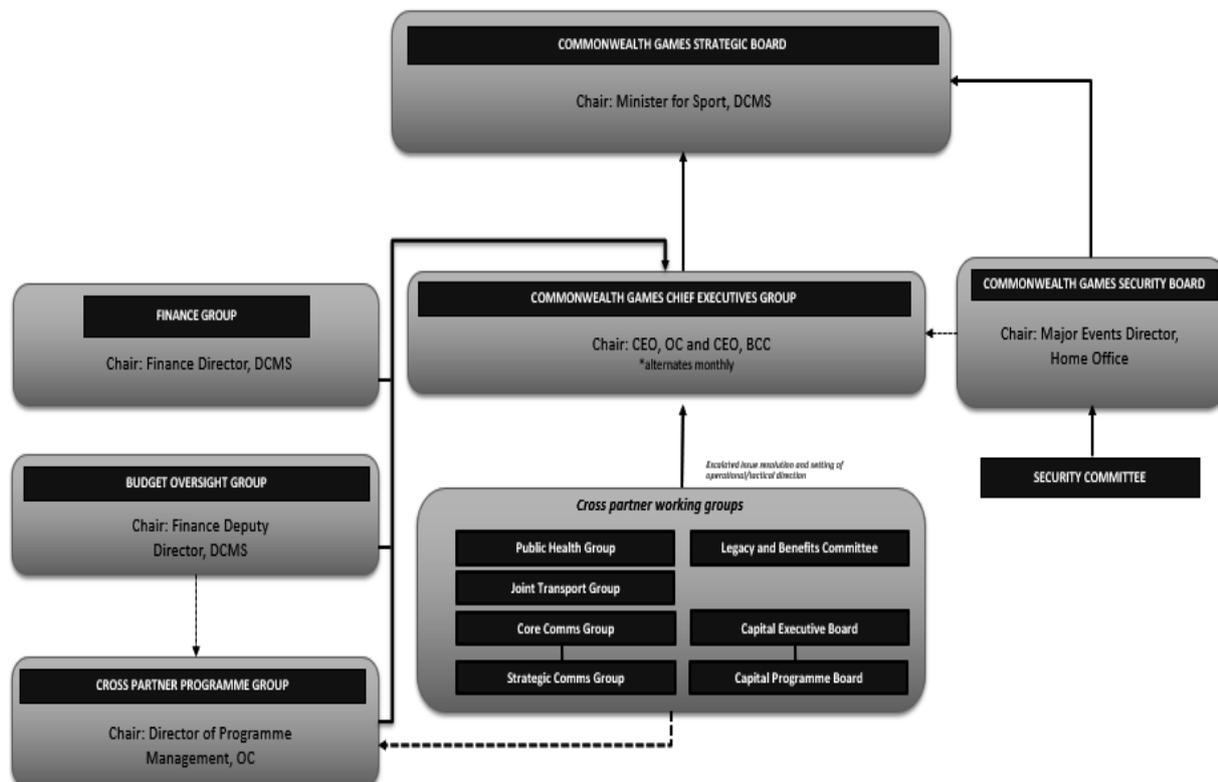
Programme Management and Reporting form part of the Company’s overarching management system. A Programme Management System (“PMS”) has been deployed across the Company. This system provides the single source of information that enables coordinated monitoring and reporting of the Company’s activities both internally and to all respective governance bodies, including the Company Board.

A monthly review of milestones and a schedule of progress is undertaken by each department, where internal and external dependencies are identified and monitored, and change to baseline plans are analysed. The monthly review of issues and risks has developed over this reporting period; with increasing challenge being provided by the Company Programme Management and Integrated Planning team, to ensure all programme management information is complete and accurate.

Cross Partner Programme Management

Cross-Partner programme management, integration and prioritisation are achieved through the deployment of a PMS accessible to all Games Partners to document issues, risks, schedules and to manage change. This system is supported by monthly meetings of Games Partner Programme Managers and outputs are reported to the Chief Executive Officers Group and the Strategic Board, in the form of a Programme Report, inclusive of all items that require a decision, action or support from the relevant governance body.

The below diagram shows the cross partner governance framework structure:



Governance Statement (continued)

Internal Audit

In October 2019, the Company appointed PwC to carry out its Internal Audit Function on behalf of the Board. The appointment was made following a detailed tender process. A programme of internal audit work was prepared and agreed with Executive Management Team and the Audit and Risk Assurance Committee. This programme is designed to give assurance that appropriate controls have been designed and are operating correctly in relation to a number of the risks faced by the Company. Following the appointment, the 2019/20 audits completed covered Games Governance, Risk Management, Compliance with GDPR and Data Protection requirements, Procurement Activities, Budgetary Processes and Financial systems and IT General Controls.

The overall Internal Audit opinion for the year was “Generally satisfactory with some improvements required”.

The findings of internal audit reports are considered by the Executive Management Team, the senior managers and teams concerned and the Audit and Risk Assurance Committee. Greater scrutiny is given to any reports that are high risk with respect to either the design of controls or their operational effectiveness. Actions are agreed by management in response to all recommendations made, and progress against these will be reported to each Audit and Risk Assurance Committee meeting. The team work to address and close all internal findings as they arise.

Fraud and error

The Company has a zero-tolerance policy on fraud, malpractice and corruption. The Company has a number of policies and procedures which set out the arrangements for reporting and responding to suspected fraud. The Company completed a detailed fraud risk assessment during the year. Controls are in place to ensure risk areas are appropriately responded to.

Remuneration Report

Remuneration Strategy

The Company has an overall remuneration strategy and a remuneration committee.

The Company has a detailed workforce budget which is regularly reviewed and challenged by the executive management team. Recruitment outside of the workforce budget is subject to additional approvals within the Company.

The Company requires specific experience and technical expertise for certain roles however where possible will aim to recruit a workforce that is reflective of the city and the region.

Directors' Remuneration

During the period no Directors received remuneration from the Company.

The Directors received the following remuneration in the year (table below is audited information):

	2020	16 Months
	£'000	2019
		£'000
Directors' emoluments (including benefits in kind)	-	15
Company contributions to money purchase pension schemes	-	-
Total emoluments received in the period	-	15

The Company confirms John Crabtree OBE has opted to waive any future payments in his role as Chair of the Board and no emoluments have been made to the Chair since 31 March 2019.

Remuneration Report (continued)**Executive Team Members**

Remuneration of the CEO and any higher earners is subject to DCMS approval. The remuneration package consists of three elements:

(i) Salaries

Salaries are consistent with public sector standards whilst being comparable in the market. Salary bands are determined by job evaluation based on the job factor analysis, internal relativities and external market indicators.

(ii) Pension

In line with all employees, the executive team members have access to a defined contribution scheme. The Company will contribute 8% of salary into the scheme if the employee contributes a minimum of 2%. All executive team members were contributing members to the scheme.

(iii) Benefits in Kind

Benefits in kind are benefits which some of the Executive Management Team receive from their employment but which are not included in their salary.

The Executive team received the following remuneration in the period (table below is audited information):

Name	Job Title	Salary £'000	Pension £'000	Benefits in Kind £'000	Total £'000	16 months
						2019 Total £
Ian Reid *	Interim Chief Executive Officer	-	-	-	-	187
Ian Reid **	Chief Executive Officer	180	14	10	204	33
Josie Stevens	Chief Marketing Officer	130	10	-	140	5
Caroline McGrory	Chief Legal Officer	123	10	-	133	-
David Grady	Chief Financial Officer	120	10	-	130	-
Martin Green	Chief Creative Officer	138	11	-	149	-
Total		691	55	10	756	225

* - Ian Reid received a day contractor rate of £950 from April 2018 until 31 January 2019 as the interim CEO of 2022 Commonwealth Games. Tax and NI were deducted at source on the interim payments.

** - The above salary was approved by DCMS and HMT

The Chief Information Officer, Executive Director of Operations, Director of Programme Management and Integrated Planning and Director of Venue, Village Development and Overlay are seconded into the organisation by CGF Partnerships Limited in accordance with the Host City Contract. The cost of these secondees was £573,000 in the year. Tax and National Insurance are deducted at source.

The number of executive team members whose remuneration including benefits in kind and employer pension contributions in the period was £100,000 or more (and FTE), is shown in the table below (audited information):

Range ●	FTE Year ended 31 March 2019 Total	FTE Period ended 31 March 2019 Total
£140,000 - £144,999	2	1
£155,000 - £159,999	1	-
£160,000 - £164,999	1	-
£200,000 - £204,999	1	-
£210,000 - £214,999	-	1

● - only relevant bands have been included

Remuneration Report (continued)

Travel and Expenses

During the year the Company paid travel and subsistence costs of £84,000.

Sickness Days

During the year to 31 March 2020 the Company lost 120 days to sickness absence. The average sick days per employee during the period was 2.5 days.

Staff Exit Packages

There were no staff exit packages paid out during the period.

Trade Unions

The Company consults and negotiates any potential changes to terms and conditions directly with employees. As a result, it does not officially recognise any Trade Unions. This does not exclude an individual employee from being a member of a Trade Union and they could still be represented by a Trade Union official at a formal hearing if required.

Hutton Fair Pay Disclosures (data is subject to audit)

The Company is required to disclose the relationship between the remuneration of the highest paid member of the executive team in its organisation and the median remuneration of the organisation's workforce. During the period, the banded remuneration of the highest paid member of the executive team was £190,000-194,999 per annum (excluding employer pension contributions) (2019: £195,000-199,999). For period ended 31 March 2020 this was 3.90 times (2019: 4.4 times) the median remuneration of the annualised workforce as at 31 March 2020, which equated to £50,000 (2019: £45,000).

The Company was established in 2018 and with a few exceptions, senior staff were the first to be recruited. As the wider workforce grows, it is reasonable to expect the Fair Pay ratio of 3.90 to increase in the future.

Remuneration ranged from £20,000 to £149,000 (2019: £20,000 to £130,000) excluding the highest paid member of staff. No member of staff received remuneration higher than the highest paid member of the Executive team.

The median remuneration is high as the Company is building the team and senior roles have been recruited first.

Total remuneration includes salary, allowances and non-consolidated performance related pay. It does not include employer pension contributions.

Remuneration Report (continued)

Off-payroll Engagements

As at 31 March 2020 there were twenty off-payroll engagements for more than £245 a day and that last for longer than six months. Six off-payroll arrangements have been in place for more than 12 months. These off-payroll engagements have been subject to a risk based assessment as to whether assurance is required that the individuals are paying the correct amount of tax and, where necessary, that assurance has been sought and received.

The following tables summarise the off-payroll engagements:

Table 1: For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months

	2020
No. of existing engagements as of 31 March 2020	1
Of which...	
No. that have existed for less than one year at time of reporting.	1
No. that have existed for between one and two years at time of reporting.	0
No. that have existed for between two and three years at time of reporting.	0
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months

	2020
No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	1
Of which...	
No. assessed as caught by IR35	1
No. assessed as not caught by IR35	0
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year.	0
No. of engagements that saw a change to IR35 status following the consistency review.	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

	2020
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year.	9

Statement of Directors' and Accounting Officer's responsibilities

The Directors and Accounting Officer are responsible for preparing the Strategic Report, the Directors' Report, the governance statement, remuneration report and the Company financial statements, in accordance with applicable law and regulations.

Company Law requires the Directors to prepare Company financial statements for each financial period. Under that law they have elected to prepare the Company financial statements in accordance with IFRSs, as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its income and expenditure and cash flows for the financial period. In preparing the Company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Accounting Officer of DCMS has designated the Chief Executive Officer as Accounting Officer of the Company. The relevant responsibilities of an Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for keeping of proper records and the safeguarding of the Company's assets, are set out in Managing Public Money published by HM Treasury. The Company complies with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by DCMS, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis; and
- State whether applicable accounting standards as set out in the Companies Act and IFRS have been followed and disclose and explain any material departures in the financial statements.

The Accounting Officer confirms that the Report and Financial Statements as a whole is fair, balanced and understandable and I take personal responsibility for the Report and Financial Statements and the judgments required for determining that it is fair, balanced and understandable.

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors, each Director has taken all the steps that she/he is obliged to take as a Director in order to make her/himself aware of any relevant information and to establish that the auditor is aware of that information.

John Crabtree OBE
Chair on behalf of Board
30 September 2020

Ian Reid
Chief Executive Office
30 September 2020

Independent Auditor's report to the Members of the Birmingham Organising Committee for the 2022 Commonwealth Games Limited

Opinion on financial statements

I have audited the financial statements of The Birmingham Organising Committee for the 2022 Commonwealth Games Limited ("the Company") for the year ended 31 March 2020 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Directors' Remuneration Report that is described as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of the result for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

- the Company's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Company have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

Independent Auditor's report to the Members of the Birmingham Organising Committee for the 2022 Commonwealth Games Limited (*continued*)

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities the Directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the Company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's report to the Members of the Birmingham Organising Committee for the 2022 Commonwealth Games Limited (*continued*)

- Conclude on the appropriateness of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Company to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure/receipts and payments reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

Directors' are responsible for the other information. The other information comprises information included in the Strategic Report, but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
- in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Independent Auditor's report to the Members of the Birmingham Organising Committee for the 2022 Commonwealth Games Limited (*continued*)

Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- a corporate governance statement has not been prepared by the parent company.

Greg Wilson (Senior Statutory Auditor)

5 October 2020

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 March 2020

	Note	2020 £000	16 Months 2019 £000
Income			
Grant Income	2	15,723	24,507
Income	3	422	-
Total Income		<u>16,145</u>	<u>24,507</u>
Cost of sales		-	-
Gross profit		<u>16,145</u>	<u>24,507</u>
Administrative expenses	4	(16,045)	(24,506)
Operating profit	5	<u>100</u>	<u>1</u>
Financial expenses	8	(100)	(1)
Net financing expenses		<u>-</u>	<u>-</u>
Profit before taxation		<u>-</u>	<u>-</u>
Taxation	9	-	-
Profit for the financial period		<u>-</u>	<u>-</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of Other Equipment	10	155	-
Other comprehensive income for the period		<u>155</u>	<u>-</u>
Total comprehensive income for the period		<u>155</u>	<u>-</u>

The Company's result for the year is derived from continuing operations.

The notes on pages 37 to 53 form part of these Financial Statements.

Company registered number: 11120160

Statement of Financial Position*As at 31 March 2020*

	<i>Note</i>	2020 £000	2020 £000	2019 £000	2019 £000
Non-current assets					
Property, plant and equipment	10		469		39
Right-of-use asset – office building	11		2,673		
Long term trade and other receivables	12		13,574		
			<hr/>		<hr/>
Total non-current assets			16,716		39
Current assets					
Trade and other receivables	13	2,096		4,391	
Corporation tax receivable	9	-		7	
Cash and cash equivalents	24	3,140		1,749	
		<hr/>	<hr/>	<hr/>	<hr/>
Total current assets			5,236		6,147
Current liabilities					
Trade and other payables	14	(3,383)		(5,701)	
Tax payable	9	-		-	
Deferred tax liabilities	9	-		(7)	
Lease Liability	16	(812)			
		<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities			(4,195)		(5,708)
Net current assets			1,041		439
Non-current liabilities					
Trade and other payables	15		(14,388)		(478)
Provisions	17		(290)		-
Deferred tax liabilities	9		-		-
Lease Liability	16		(2,924)		
			<hr/>		<hr/>
Total non-current liabilities			(17,602)		(478)
Net assets			155		-
			<hr/>		<hr/>
Profit and loss reserve			5		-
Revaluation surplus reserve			150		-
			<hr/>		<hr/>
Total equity			155		-
			<hr/>		<hr/>

The notes on pages 37 to 53 form part of these Financial Statements.

These financial statements were approved by the Board of Directors on 30 September 2020 and were signed on its behalf by:

John Crabtree OBE
Chair on behalf of the Board

Ian Reid
Chief Executive Officer and Accounting Officer

Company registered number: 11120160

Statement of Changes in Equity

for the year ended 31 March 2020

	Profit and loss reserve	Revaluation surplus reserve	Total equity
	£000	£000	£000
As at 31 March 2019	-	-	-
Profit for the year	-	-	-
<i>Other comprehensive income:</i>			
Foreign currency translation differences on consolidation	-	-	-
Revaluation of Fixed Assets	-	155	155
Transfers during the year	5	(5)	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	5	150	155
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 37 to 53 form part of these Financial Statements.

Company registered number: 11120160

Statement of Cash Flows

for the year ended 31 March 2020

	Note	2020 £000	16 Months 2019 £000
Cash flows from operating activities			
Profit for the period		-	-
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	10, 11	1,034	6
Financial expenses	8	100	1
Value in Kind non cash income		(277)	-
Value in Kind non cash expenditure		308	-
Provisions		278	-
		<hr/>	<hr/>
Operating cash flows before movements in working capital		1,443	7
Decrease in trade and other receivables *		3,318	(4,399)
Decrease in trade and other payables *		(3,241)	5,708
Increase in long term trade and other payables *		190	478
		<hr/>	<hr/>
Cash generated by operations		267	1,787
Tax paid		-	-
		<hr/>	<hr/>
Net cash inflow from operating activities		1,710	1,794
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(319)	(45)
		<hr/>	<hr/>
Net cash from investing activities		(319)	(45)
Cash flows from financing activities			
		<hr/>	<hr/>
Net cash from financing activities		-	-
Interest Expense		-	-
		<hr/>	<hr/>
Net increase in cash and cash equivalents		1,391	1,749
Cash and cash equivalents at start of period		1,749	-
		<hr/>	<hr/>
Cash and cash equivalents at 31 March 2020		3,140	1,749
		<hr/> <hr/>	<hr/> <hr/>

* - The movements in working capital do not agree to the notes due to movements in notes also including finance charges which are accounted for separately in the cash flow statement and the movements excluding items not passing through P&L such as the contract receivables/liabilities balances.

The notes on pages 37 to 53 form part of these Financial Statements.

Company registered number: 11120160

Notes to the Financial Statements *(forming part of the financial statements)*

1 Accounting policies

1.1 Basis of preparation

The Company is incorporated in the UK and is limited by guarantee without share capital.

These financial statements have been prepared in accordance with the Companies Act and with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs). The Company has regarded the requirements of the Government Financial Reporting Manual to the extent that they clarify or build on the requirements of the Companies Act and International Financial Reporting Standards and in particular observed the Accounts Direction issued by DCMS, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.

The principal activity of the company is the planning, organising, staging and operating of the Birmingham 2022 Commonwealth Games (“the Games”).

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

1.2 Going concern

A lifetime budget has been approved by HM Treasury and the Company is delivering in line with its budgets, therefore in accordance with the International Financial Reporting standards it has been concluded as appropriate to adopt the going concern basis of preparation for these Financial Statements, as the Company will have sufficient financial resources to meet its liabilities as they fall due. The Company has assessed the impact of COVID 19 and concluded it has sufficient funding to remain a Going Concern.

1.3 Basis of measurement

The preparation of the financial statements requires the use of estimates and assumptions that have an impact on the application of accounting policies and the measurement of amounts recognised in the financial statements. The areas for which the estimates and assumptions are material with respect to the financial statements are presented in section 1.6 critical accounting estimates.

1.4 New standards, interpretations and amendments

New standards, interpretations and amendments that have been adopted in the financial statements for the year ended 31 March 2020 are:

- IFRS 16 – Leases
- IFRIC 23 – Uncertainty over Income Tax Treatments
- IFRS 9 – (amendments) Prepayment Features with Negative Compensation
- IAS 28 – (amendments) Long-term Interests in Associates and Joint Ventures
- IAS 19 – (amendments) Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS Standards 2015–2017 Cycle

The most significant of these for the Company is IFRS 16 leases. Adoption of IFRS 16 has resulted in the Company recognising right-of-use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Company does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its financial statements the total commitment. The Board applied the modified retrospective adoption method in IFRS 16, and, therefore, only recognised leases on balance sheet as at 1 April 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This ensured there is no immediate impact to net assets on that date. The requirement to recognise a right-of-use asset and related lease liability resulted in an increase to right-of-use assets of £3.7 million and an increase to liabilities of £3.7 million from 1 April 2019.

Notes (continued)

Accounting policies (continued)

1.5 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods.

This includes:

- Amendments to IFRS 3 Definition of a Business;
- Amendments to IAS 1 and IAS 8 Definition of Material; and
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform.

The Company does not expect any of the standards issued by the IASB, but not yet effective, to have a material impact on the Company.

1.6 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

In the year, the Company has recognised its obligations under the host city contract as they become payable; future payments will be funded through Grant-in-aid. Additionally, the Company has recognised grant income on a systematic basis in accordance with the expenditure the Company incurs in line with IAS 19.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Value of Assets

Fixed assets have been recognised at cost or fair value where appropriate. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Right-of-use asset

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the rate provided by HMT. The rate used in the year was 1.99%.

Provisions for liabilities and charges

The Company has made a reasonable estimate on the dilapidations provisions using a cost per square metre using Savills rate. The Company has not done a full property valuation and the provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. There is a maximum capacity cap for dilapidations in the contract of £1m.

Value in Kind

The Company has made a reasonable estimate in concluding that the performance obligation within Value in Kind contracts is the *Planning, Organising and Hosting* of the Games. The Company considers the services/goods received to date is the best proxy for recognition of revenue. The contracts do not contain significant financing components.

Notes (continued)

Accounting policies (continued)

1.7 Government Grants

Government grants are not recognised until there is a reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the income statement on a systematic and rational basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company spends the grant on agreed expenditure are recognised as deferred income in the balance sheet and transferred to the income statement on a systemic and rational basis.

Grant Income in the year represents funding from the HM Government and BCC. The largest source of funding in the year was Grant-in-aid from DCMS for £8.53 million. £0.81 million of Grant-in-aid received from DCMS was subsequently deferred at the period end.

1.8 Commercial Income

Commercial revenue, including that received in the form of Value in Kind, is recognised in line with IFRS 15 with the performance obligation including the planning, organising and hosting as one service obligation. Revenue is recognised over the period of the planning, organising and hosting activities. The method of revenue recognition is based on the consumption of Value in Kind services utilised in the reporting period.

In line with IFRS15, the Company will recognise a contract receivable and liability for signed Sponsorship deals at each year end.

1.9 Employee benefits

The Company operates defined contribution pension plans, which are post-employment benefit plans under which the Company pays fixed contributions into a separate entity on behalf of employees and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10 Financing income and expenses

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.11 Taxation

The charge or credit for taxation is based on the interest receivable for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

1.12 Cash and cash equivalents

Cash for the purposes of the cash flow statement, comprises of cash in hand and deposits repayable on demand.

Notes (continued)

Accounting policies (continued)

1.13 Property, plant and equipment and depreciation

Fixed Assets are comprised of IT Hardware, fixtures and fittings and other equipment. IT Hardware and Fixtures and Fittings are stated at cost less accumulated depreciation and any recognised impairment losses. Other Equipment is recognised using the revaluation model.

The Company expects the useful economic life of all individual assets purchased to be no longer than the expected life of the Company. Depreciation is charged so as to write off the costs of assets over their useful economic lives, using the straight-line method, over the shorter of:

- Useful economic life of asset; or
- Date of purchase until 31 August 2022 (end of Games).

The Company operates a £5k threshold for capitalisation. Items below this value will be expensed in the month of purchase.

1.14 Prepaid Expenditure

Prepaid expenses are amounts paid for by the Company in advance of the goods or services being received. These prepaid expenses are included on the balance until the goods or services have been received.

1.15 Right-of-use asset

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Cost has been used as a proxy for current value in existing use or fair value to value the right-of-use asset. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the rate provided by HMT. The rate used in the year was 1.99%.

At each subsequent year end, the lease liability is measured at amortised cost using the effective interest method.

1.16 Provisions and Accruals

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. The provisions related to dilapidations on a Right-of-use-asset and an Executive Management remuneration scheme.

Accruals are recognised when the Company has a present obligation as a result of a past event and a reliable estimate can be made of the amount of the obligation.

The Company has a number of accruals which are not expected to be settled until 2022. Accruals over 1 year are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.17 Revaluation surplus reserve

The company recognises a revaluation surplus reserve in relation to the Other Equipment which has been revalued in the year to reflect the fair value of the purchase.

Notes (continued)**2 Grant Income**

An analysis of funding per body is given below:

	2020 £000	16 Months 2019 £000
Department for Digital, Culture, Media and Sport – Grant-in-aid	11,592	22,351
Birmingham City Council	4,131	2,156
	<hr/> 15,723 <hr/>	<hr/> 24,507 <hr/>

Grant-in-aid received from The Department of Digital, Culture, Media and Sport during the period was £8,530,550 (£2019: £26,225,590). Included in the £11,591,863 is the release of grant deferred from the prior period of £3,874,135 less the current year deferral of £812,822 at the year end. Included within Grant-in-aid is £415,000 (2019: nil) of development funding which was awarded to the Company by DCMS a Memorandum of Understanding to develop, in collaboration with the devolved administrators, plans for the curation, management and promotion of Festival 2022.

In the Directors Report the Company states a 75:25 funding split between DCMS and BCC. This split is across the whole of Games budget and will not be reflected in the Grant Income the Company receives.

3 Income

An analysis of Income is given below:

	2020 £000	16 Months 2019 £000
Commercial Income – Value in Kind	277	-
Other Income	145	-
	<hr/> 422 <hr/>	<hr/> - <hr/>

Notes (continued)**4 Administration expenses**

	2020	16 months
	£000	2019
		£000
Payroll costs	3,152	332
Host City Fee	4,000	19,700
Secondees	1,939	417
Marketing and Advertising	1,466	258
Operations costs	1,061	976
Depreciation	1,034	6
Other Admin Expenses	839	1,314
Office Management costs	888	8
Information Technology Costs	528	622
Professional Services	401	80
Recruitment Costs	387	113
Contractors and Consultants	229	557
Rent and Rates	121	123
	<hr/>	<hr/>
	16,045	24,506
	<hr/> <hr/>	<hr/> <hr/>

5 Operating profit

	2020	16 Months
	£000	2019
		£000
<i>Included in operating profit are the following expenses:</i>		
Depreciation of other equipment	10	-
Depreciation of IT equipment	28	6
Depreciation of fixtures and fittings	6	-
Depreciation of right-of-use asset – office buildings	990	-
Operating lease payments - Land and buildings	-	18
	<hr/>	<hr/>
 <i>Amounts receivable by auditor and their associates in respect of:</i>		
Audit of these financial statements	47	15
	<hr/>	<hr/>

Notes (continued)**6 Remuneration of directors**

	2020 £000	16 Months 2019 £000
Directors' emoluments (including benefits in kind)	-	15
Company contributions to money purchase pension schemes	-	-
	<u> </u>	<u> </u>
	-	15
	<u> </u>	<u> </u>

The emoluments of the highest paid director were £nil. Company pension contributions amounting to £nil were made for this director.

From 1 April 2019 the one remunerated Director has chosen to waive his payment.

Additional information on remuneration is included within the Remuneration Report.

7 Average number of employees

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	2020 Number of employees	16 Months 2019 Number of employees
Administration and management *	38	3
Operation *	7	-
	<u> </u>	<u> </u>
	45	3
	<u> </u>	<u> </u>

*The Company continues to increase its workforce as it gets nearer to the Games time. Staff numbers as at 31 March 2020 are as follows:

	Number of Employees March 2020
Administration and management	63
Operations	17
	<u> </u>
	80
	<u> </u>

Notes (continued)

The aggregate payroll costs of these persons for the period were as follows:

	2020 £000	16 Months 2019 £000
Wages and salaries	2,628	284
Social security costs	312	28
Other pension costs (note 23)	212	19
	<u>3,152</u>	<u>331</u>

In addition to the wages and salaries there were a number of staff seconded into the organisation. The majority of these staffs were from CGF Partnerships Limited in accordance with the Host City Contract. During the year the costs were £1,939k (2019: £417k).

The average number of other staff employed by the Company during the period are as follows:

	2020 Number of Employees	16 months 2019 Number of Employees
Contractors	1	2
Secondees	16	3
	<u>17</u>	<u>5</u>

8 Finance Costs

	2020 £000	16 months 2019 £000
Unwinding of discount on long term accruals	14	1
Unwinding of discount of right-of-use asset	73	-
Unwinding of long term provisions	13	-
	<u>100</u>	<u>1</u>

Notes (continued)**9 Taxation****(a) Analysis of taxation in period recognised in the Statement of Profit and Loss and Other Comprehensive Income**

	2020 £000	16 Months 2019 £000
<i>UK corporation tax</i>		
Current tax on income for the period	7	(7)
Total current taxation	7	(7)
<i>Total deferred tax</i>		
Origination and reversal of timing differences	(7)	7
Effect of changes in tax rates	-	-
Total deferred taxation	(7)	7
Total taxation	-	-

No liability to UK corporation tax arose for the year ended 31 March 2020 as the company did not undertake any taxable trading activities. A tax charge can arise on interest income, although this is not relevant for the current year.

(b) Reconciliation of effective tax rate

The standard rate of tax for the period, based on the UK standard rate of corporation tax, is 19%. The actual taxation for the current period differs from the standard rate for the reasons set out in the following reconciliation:

	2020 £000	16 Months 2019 £000
Profit before taxation	-	-
Taxation calculated at UK standard rate of corporation tax of 19%	-	-
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Non-taxable income	-	-
Effect of changes in tax rate	-	-
Total taxation	-	-

(c) Factors affecting future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2017). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As no deferred tax is provided, and there is no unprovided deferred tax, this change has no impact on the financial statements.

Notes (continued)**10 Property, plant and equipment**

	IT Equipment £000	Fixtures and Fittings £000	Other equipment £000	Total £000
Cost/revaluation				
As 1 April 2019	45	-	-	45
Additions	85	108	126	319
Revaluation	-	-	155	155
Disposals	-	-	-	-
At 31 March 2020	130	108	281	519
Depreciation				
As 1 April 2019	6	-	-	6
Charge for the period	28	6	5	39
Revaluation	-	-	5	5
Depreciation on disposals	-	-	-	-
At 31 March 2020	34	6	10	50
Net book value				
At 31 March 2019	39	-	-	39
At 31 March 2020	96	102	271	469

Included within Fixtures and Fitting is £77k of Assets under Construction (2019: nil) relating to the works at 1 Brindleyplace. These assets have not been subject to depreciation.

During the year the Other Equipment was revalued to reflect the purchase price as an element of the cost (£155k) was covered by a third party.

11 Right-of-use assets

The following table presents the right-of-use asset relating to the Company's Office Building:

	Total £000
Cost	
As 1 April 2019	-
Additions	-
Cumulative catch up	3,663
Disposals	-
At 31 March 2020	3,663
Depreciation	
As 1 April 2019	-
Charge for the period	990
Depreciation on disposals	-
At 31 March 2020	990
Net book value	
At 31 March 2019	-
At 31 March 2020	2,673

Notes (continued)**12 Trade and other receivables falling due over one year**

	2020 £000	16 Months 2019 £000
Contract Receivables	13,574	-
	<u>13,574</u>	<u>-</u>
	<u><u>13,574</u></u>	<u><u>-</u></u>

Contract receivables relate to three signed contracts the Company has in place for Value in Kind services to be received at a future date. These contracts relate to legal services, recruitment services and timing, scoring and results. The total value of the contracts is £14,897,928. Income will be recognised on the contracts based on the Company's utilisation of the services as they are deemed required in the business.

13 Trade and other receivables falling due within one year

	2020 £000	16 Months 2019 £000
Accounts receivable	176	-
VAT receivable	411	4,387
Prepayments	116	4
Other debtors	28	-
Accrued revenue	349	-
Contract receivables	1,016	-
	<u>2,096</u>	<u>4,391</u>
	<u><u>2,096</u></u>	<u><u>4,391</u></u>

Contract receivables relate to signed contracts the Company has in place for Value in Kind services to be received at a future date.

14 Trade and other payables falling due within one year

	2020 £000	16 Months 2019 £000
Trade payables	186	77
Deferred income	874	3,874
Other taxes and social security	-	31
Other payables	6	8
Accrued expenses	1,403	1,711
Contract liability	914	-
	<u>3,383</u>	<u>5,701</u>
	<u><u>3,383</u></u>	<u><u>5,701</u></u>

Contract liabilities relate to signed contracts the Company has in place for Value in Kind services to be settled at a future date. These amounts relate to unfulfilled obligations at the year end.

Notes (continued)**15 Trade and other payables falling due over one year**

	2020 £000	16 Months 2019 £000
Accrued expenses	682	478
Contract liability	13,706	-
	<u>14,388</u>	<u>478</u>

Contract liabilities relate to signed contracts the Company has in place for Value in Kind services to be settled at a future date.

16 Lease obligations

The Company's lease is for the rental of One Brindleyplace. This lease contains no renewal option and ends on 31 December 2022. The lease is discounted using a rate of 1.99% provided by Treasury.

	2020 £000	16 Months 2019 £000
Current (due within 1 year)	812	-
Non-current (due over 1 year)	2,924	-
	<u>3,736</u>	<u>-</u>

The following table presents the contractual undiscounted cash flows for these lease obligations as at 31 March 2020:

	2020 £000	16 Months 2019 £000
Current (due within 1 year)	827	-
Non-current (due over 1 year)	3,036	-
	<u>3,863</u>	<u>-</u>

Interest expense on lease obligations for the year ended 31 March 2020 was £73k (2019: nil). Total cash outflow for leases was £nil in the period as the Company is currently in a rent free period.

17 Provisions

	Leasehold Dilapidations £000	Executive Incentive scheme £000	Total £000
As 1 April 2019	-	-	-
Charged to the P+L	220	57	277
Unwinding of discount	13	-	13
At 31 March 2020	<u>233</u>	<u>57</u>	<u>290</u>

Dilapidations are based on best estimate based on current usage of the building, there is a £1m maximum cap in the lease. No provisions have been utilised in the year.

Notes (continued)

18 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2020 £000	16 Months 2019 £000
Non-current Assets		
Financial assets designated as fair value through profit or loss	-	-
Other financial assets measured at amortised cost:		
Contract receivables	13,574	-
	<u>13,574</u>	<u>-</u>
Current Assets		
Financial assets designated as fair value through profit or loss	-	-
Other financial assets measured at amortised cost:		
Trade and other receivables	204	4,391
Cash and cash equivalents	3,140	1,749
Contract receivables	1,016	-
	<u>4,360</u>	<u>6,140</u>
Non-current liabilities		
Financial liabilities designated as fair value through profit or loss:	-	-
Other financial assets measured at amortised cost:		
Contract liabilities	(13,706)	-
Lease liability	(2,924)	-
Long term accruals	(682)	(478)
	<u>(17,312)</u>	<u>(478)</u>
Current liabilities		
Financial liabilities designated as fair value through profit or loss:	-	-
Other financial liabilities measured at amortised cost:		
Trade and other payables	(192)	(5,701)
Contract Liabilities	(914)	-
Lease Liability	(812)	-
	<u>(1,918)</u>	<u>(5,701)</u>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company produces a cash flow forecast in advance of needs and receives Grant-in-aid.

Capital risk management

The Company has no external borrowings or loans outside of the Government Banking Service. All current cash requirements are funded through Grant-in-aid and Birmingham City Council Funding.

Interest rate risk

Interest Rate risk is considered to be low as the Company does not hold large cash balances or borrowings as it receives Grant-in-aid amounts to cover the next month's expenditure.

Foreign currency financial assets and liabilities

The Company does not currently hold any foreign currency assets or liabilities.

Notes (continued)**19 Fair value measurement**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

31 March 2020	Level 1	Level 2	Level 3
<i>Financial assets</i>			
Contract receivables	14,590	-	-
Total assets	14,590	-	-
<i>Financial Liabilities</i>			
Contract liability	14,620	-	-
Total liabilities	14,620	-	-
31 March 2019	Level 1	Level 2	Level 3
<i>Financial assets</i>			
Contract receivables	-	-	-
Total Assets	-	-	-
<i>Financial Liabilities</i>			
Contract liability	-	-	-
Total liabilities	-	-	-

There were no transfers between Level 1 and Level 2 in 2019 or 2020.

Measurement of fair value of financial instruments

The Company's finance team performs valuations of financial items for financial reporting purposes. During the year the Company only had level 1 financial assets and liabilities and the fair values were agreed to active markets for identical assets and liabilities. No external valuations were deemed necessary in the current period.

Notes (continued)**20 Capital commitments**

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2020	16 Months
	£000	2019
		£000
Contracted	133	-
	<u> </u>	<u> </u>

21 Operating lease commitments

Future minimum lease payments under non-cancellable operating leases are as follows:

	2020	16 Months
	£000	2019
		£000
Less than one year	-	1,027
Between one and five years	-	2,823
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	-	3,850
	<u> </u>	<u> </u>

Due to Company accounting for leases under IFRS16 this lease is now recognised as a right-of-use asset and has been capitalised (note 11 and note 16).

22 Contingencies and commitments

The Company has no contingent liabilities other than those arising in the ordinary course of business from which it is anticipated that the likelihood of any material liability arising is remote.

The Company has a guarantee in place with Sandwell Metropolitan Borough Council ("SMBC") of Funding in respect of works undertaken for £639,798. This is subject to a number of conditions set out in a funding letter to SMBC.

23 Pension schemes

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £211,904. There were £nil of outstanding contributions at the end of the financial year.

Notes (continued)**24 Analysis of changes in net debt**

	2020	16 Months
	£000	2019
		£000
Cash and cash equivalents	3,140	1,749
Bank borrowings – current	-	-
Bank borrowings – non-current	-	-
	<u>3,140</u>	<u>1,749</u>
	<u><u>3,140</u></u>	<u><u>1,749</u></u>

	At	Cash	Other non	Exchange	At end
	1 Apr 19	flow	cash	movement	of
	£000	£000	changes	£000	period
			£000		£000
Cash at bank and in hand	1,749	1,391	-	-	3,140
	<u>1,749</u>	<u>1,391</u>	<u>-</u>	<u>-</u>	<u>3,140</u>
Total	<u><u>1,749</u></u>	<u><u>1,391</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,140</u></u>

25 Post balance sheet events

On 1 May 2020 a Special Purpose Vehicle “Festival 2022 Limited” was incorporated. This is a 100% subsidiary of the Company.

On 11 March 2020 the World Health Organisation officially declared the outbreak of COVID-19 a pandemic. On 20 March 2020 the UK government introduced lockdown measures. The Company has conducted a wide assessment of the impact of COVID-19. This has included a financial risk assessment of the potential impact, with recommendations being presented to the Company Board. The Company continues to assess the impact of COVID-19 on the Company.

Notes (continued)

26 Related party transactions

Helen Judge (Non-executive Director) is an employee of The Department for Digital, Culture, Media and Sport. During the financial year the Company received Grant-in-aid funding of £8,350,550 from DCMS and other income of £18,000. In addition, there were costs of £181,185 mainly in relation to the recharge of costs DCMS paid for before the Company was set up and commercial recharges (year-end creditor balance £0).

Ian Metcalfe (Non-executive Director) is a Non-executive Board member of, David Grevenberg CBE (Non-executive Director) is CEO of, and Dame Louise Martin (Non-executive Director) is President of, the Commonwealth Games Federation (CGF). During the period the Company paid £4,000,000 to the CGF for the contractual Host City Fees and Joint Marketing Fees due to CGF and other Commonwealth Games Associations. Additionally, CGF holds a 60% stake in CGF Partnerships Limited (CGFP). During the financial period there were costs of £2,512,126 paid to CGFP mainly in relation to embedded resources. Additionally, Value in Kind invoices for £146,277 were raised in the year. An additional £28,543 remains in other debtors at the year end and a further £161,280 in accrued revenue. Additionally, there are contract accruals of £30,755 and contract liabilities of £14,621,127 relating to Value in Kind contracts.

Councillor Ian Ward (Non-executive Director) is Leader of Birmingham City Council. During the financial period the Company received Grant funding of £4,131,608 from BCC and accrued income in relation to the BCC Contribution of the countdown clock of £62,246. During the year there was expenditure paid to BCC for £510,809 mainly in relation to IT Services. A further £282,442 remains in accruals at the year end relating mainly to IT Services.

Councillor Ian Ward (Non-executive Director) was a constituent member of the West Midlands Combined Authority (WMCA). During the financial year the Company paid £1,299,158 to WMCA for work undertaken by Transport for West Midlands. An additional £46,168 remains as an accrual at the year end.

Councillor Ian Ward (Non-executive Director) is a board member of the West Midlands Growth Company ("WMGC"). During the financial year the Company paid £25,514 to WMGC. An additional £3,318 remains within accruals at the year end.

Ian Metcalfe (Non-executive Director) is Chair of the Board, and Simon Ball (Non-executive Director) is Non-executive Director of Commonwealth Games England, During the year there was expenditure paid to Commonwealth Games England of £6,598.

John Crabtree (Chair) is a member of the Theatre Trust of Birmingham Hippodrome. During the year there was expenditure paid to Birmingham Hippodrome of £39.

27 Controlling Party

The Company is a Non Departmental Arm's Length Body of DCMS. This relationship is managed through a Management Agreement between the Company and DCMS.

