

**Birmingham Organising Committee for the  
2022 Commonwealth Games Limited  
Consolidated Annual Report and Financial Statements  
For the year ended 31 March 2021**

**Presented to Parliament by Command of Her Majesty**

**Ordered by the House of Commons to be printed on 14 July 2021**



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**HC 365**



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## Officers and Professional Advisors

Chair:	John Crabtree OBE
Chief Executive Officer:	Ian Reid
Other Directors as at 31 March 2021:	Ama Agbeze MBE Derrick Anderson CBE Simon Ball Hiren Dhimar Lyndsey Jackson Dame Louise Martin DBE Ian Metcalfe Dame Julie Moore DBE Sandra Osborne-Burgess SCM QC Eleanor Simmonds OBE Professor Geoff Thompson MBE Nicholas Timothy Councillor Ian Ward
Company Secretary:	Caroline McGrory
Auditor:	National Audit Office 157-197 Buckingham Palace Road Victoria London SW1W 9SP
Bankers:	National Westminster Bank Government Banking Service Branch London Corporate Service Centre 2 <sup>nd</sup> Floor 280 Bishopsgate London EC2M 4RB
Registered Office:	One Brindley Place Brindley Place Birmingham B1 2JB
Registered Number:	11120160

## Birmingham 2022 Sponsors

<b>Tier</b>	<b>Sponsor</b>
1 - Official Partners	Longines University of Birmingham
2 - Official Supports	Gowlings WLG Gi Group North Severn Trent Pricewaterhouse Coopers LLP (“PwC”)
3 - Official Providers	Sunset + Vine NVT Group CSM Live DRPG Rosterfy Incorporatewear

More information on the Games sponsors can be found here: <https://www.birmingham2022.com/about-us/partnerships>

# **Chair and Chief Executive's Foreword**

## Chair and Chief Executive’s Foreword

We are pleased to introduce you to the Consolidated Annual Report and Financial Statements for the Birmingham Organising Committee for the 2022 Commonwealth Games Limited (“the Company”).

This year’s Consolidated Annual Report and Accounts, which have been prepared in a form directed by the Secretary of State for the Department of Digital, Culture, Media, and Sport (“DCMS”), also includes information pertaining to the Company’s subsidiary - Festival 2022 Limited.

Our previous Annual Report detailed the planning work that the Company had undertaken during 2019/20 and significant progress has continued throughout 2020/21. However, with the Games taking place next year we are now transitioning into our readiness phase, with a focus on ensuring that the Company, the city, and the region are fully prepared to deliver the Games.

We welcome our new Board Directors to the Company and look forward to continuing to work together to deliver the best possible Games. We also would like to take this opportunity to thank our previous Directors for their contributions.

We are ever mindful of the challenging times in which we are operating, most notably due to the COVID-19 pandemic, and over the next 12 months we will continue to monitor and adapt to the ever-evolving situation, as well as ensuring that we are learning from the many other major sporting events which are due to take place before Birmingham 2022.

The rigorous planning that is going into staging the Birmingham 2022 Commonwealth Games has included establishing a specialist team that is firmly connected to policy, public health, and the key medical advisors from local and national Government. This team is constantly reviewing the potential impacts of the pandemic, meaning that we are well positioned to react and respond accordingly.

The safety of all our ‘client groups’, including our athletes, teams, our spectators, our volunteers and our workforce, remains our number one priority and with multiple vaccines for COVID-19 being rolled out across the globe, we are reassured in our belief that the Games can be hosted safely and play a significant role, not only in economic and cultural recovery, but also in reconnecting the people of the region, the UK and the Commonwealth.

### **Workforce**

The Birmingham 2022 workforce has shown remarkable resilience over the last 12 months and, despite working remotely, teams have worked hard to stay connected and have ensured that collaboration has continued both internally and with key partners and stakeholders. We would like to thank the entire workforce for their hard work.

Along with the changes made to Board membership by our partners, which you will see detailed in this report, we have also continued to focus on the make-up of our ever-growing workforce. We currently welcome new starters every week, with more than 400 people now employed by the Company.

We reflected on our recruitment practices and made improvements to ensure that we are reaching even further into all the communities of the region in which we operate, advertising on job boards to diverse communities, people with disabilities and the LGBT+ community, working closely with community newspapers and radio stations to highlight opportunities and reaching out to community and faith leaders. This concerted effort and investment has led to change, with the Company making much progress towards having a workforce reflective of the region and, although not fully representative, we have hundreds of roles that we still need to recruit to and we are committed to continuing our progress in this area.

## **Chair and Chief Executive’s Foreword (*continued*)**

We are particularly proud that in the last six months of this financial year we recruited and onboarded 28 apprentices across Birmingham 2022 and Festival 2022. These apprentices, all of whom are from the Midlands, started work in the first few weeks of 2021 and they are already making a hugely valuable contribution across the organisation.

Our community engagement team has now been fully established and has made a strong start in connecting with local people and community organisations through virtual means. This has helped to increase awareness of the opportunities that the Games is providing and now the team is preparing to embark on a regional roadshow, hopefully allowing us to safely connect face to face with thousands of local people.

We have commenced the recruitment of around 13,000 volunteers and once again we are determined to ensure that this volunteer team will be representative of the diversity of our host city and region, a region that is home to more than 180 different nationalities.

### **Strategic Priorities**

In September 2020, the Board agreed four strategic priorities – sustainability, inclusivity, creativity and, putting the Birmingham Games at the heart of a year of celebration, and they have influenced our work in the second half of this financial year.

It has long been the ambition of Games Partners to organise Birmingham 2022 in a sustainable way, challenging the way that major multi-sports events were previously delivered. Our sustainability pledge, published in March 2021 clearly outlines seven distinct pillars covering carbon, accessibility, human rights, and ethical procurement, as well as our ambitious environmental commitments, incorporating our plan to host the first ever carbon neutral Commonwealth Games.

The latter will be realised through a partnership with Severn Trent, who were announced as the Official Nature and Carbon Neutral supporter of the Games in March 2021 and will be responsible for establishing a series of initiatives that help offset the carbon generated by the Games, creating a Carbon Neutral legacy.

Two standout initiatives that they will deliver, in order to achieve this ambition, include the creation of 2022 acres of forest, as well as 72 tennis-court-sized mini forests (one for each competing nation and territory) which will be planted in urban areas of the West Midlands.

We have always had an ambition to organise an inclusive Games – a ‘Games for Everyone’ was unveiled as our ultimate vision back in 2019 - and that has continued to be a key priority over the last 12 months.

Our equality, diversity and inclusion action plan was approved last year and it focuses on four key areas:

- delivering a highly accessible and inclusive Games;
- creating a fair, supportive and open culture throughout Games delivery;
- connecting the Games through engagement and participation; and
- to educate and develop our shared understanding on issues of inequality.

Revealing more details about the Birmingham 2022 sport’s programme has also allowed us to reinforce the inclusive nature of the Games, as we continue to take every opportunity to highlight that our fully integrated Para sports programme is the biggest ever at a Commonwealth Games.

Unveiling the medal event programme in October 2020 also allowed us to confirm that we will be making history, by awarding more medals to women than men for the first time ever at a major multi-sport event – a hugely significant moment for women’s sport.

## **Chair and Chief Executive’s Foreword (*continued*)**

Our cultural festival also aims to be fully inclusive and a £1 million funding award from Spirit of 2012 will enable the formation of a new dance company of disabled and non-disabled young people, to show how genuine inclusion can be achieved in major events like the Commonwealth Games.

This cultural festival and the opening and closing ceremonies for the Games will be a true showcase of the West Midlands’ arts, culture and heritage sectors.

Through the cultural programme, and thanks to a £6 million award from Arts Council England and the National Lottery Heritage Fund, we are already supporting and commissioning some creative projects that connect communities across Birmingham and the region. Our intention is to reach 2.5 million people, and we are planning to include; 29 headline artistic commissions that will explore the rich diversity of communities from across the region, six themed ‘open calls’, leading to a further 28 projects, and will fund more than 200 cultural and creative projects.

In total we will invest in 450 artists and creative personnel with 90% of this commissioned work coming from people based in or originally from the West Midlands, providing a timely boost to the region’s cultural sector.

This key strategic priority is not just about the creativity that we will showcase, it is also about the creative delivery of the Games and how we are adapting to find solutions to the challenges that the COVID-19 pandemic has brought, such as our three-campus solution for athlete and team official accommodation.

### **Key Games Activities**

The unveiling of our official mascot for Birmingham 2022, during lockdown in March 2021, also reinforced our commitment to creatively rise to challenges, as Perry the Bull is the first mascot brought to life through augmented reality, allowing people across the globe to meet and pose with Perry from the comfort of their own homes.

We are also currently focusing on a delivery model for the Queen’s Baton Relay that is befitting of such a significant celebration, one that truly embodies the collective spirit of the 72 nations and territories that will participate in the Commonwealth Games and, most importantly, considering the backdrop of the global pandemic, one which is safe for all participants.

The hosting of the Birmingham 2022 Commonwealth Games continues to positively change the face of the region. Impressive progress has been made on the redevelopment of the Alexander Stadium and the construction of the brand-new Sandwell Aquatics Centre, with both projects on schedule. Huge credit must go to Birmingham City Council, Sandwell Council, and their construction partners for this. The dive tower at the aquatics centre was unveiled in early 2021 and the steels at the Alexander Stadium were completed just a few weeks later. We look forward to providing further updates on these projects, with tiling of the pools commenced in June 2021, and the track laying due to start very soon.

We are blessed with a varied portfolio of venues, and we are grateful to now have four of the region’s beautiful parks included in that list, following confirmation in September 2020 that St Nicholas Park in Warwick and West Park in Wolverhampton will be our start and finish locations for the road cycling events included on our sports programme.

As previously announced, the cycling discipline of mountain bike will be held in Cannock Chase Forest and the Games has been a catalyst for the construction of a new trail at this site, much of which will be incorporated into the official trail for the Games. We are looking forward to supporting Forestry England to unveil that new trail soon and to seeing the new play trail that is also planned for the site coming to fruition.

## **Chair and Chief Executive’s Foreword (*continued*)**

The Games has also been a clear catalyst for transport improvements and our Games Partners continue to provide regular updates on the progress being made in this area. This includes the redevelopment of both University and Perry Barr stations and the introduction of Sprint, a bus priority corridor for which construction work started in February 2021.

### **Forward Look**

Although the Games will be held from 28 July until 8 August 2022, we strongly believe that the benefits of staging this event will last well beyond, and together with other Games Partners, we were delighted to recently unveil our legacy plan.

This plan outlines a series of Commonwealth Games firsts for a fairer, healthier, greener and more prosperous West Midlands and UK. In addition to some of the commitments outlined throughout this foreword, some additional aims have been included in this plan.

Our proposals include creating 35,000 jobs and skills opportunities, engaging more than one million children and young people in our learning programme, providing opportunities for regional and national businesses through our £350 million procurement spend and introducing the largest ever business and tourism programme, which will attract international visitors and investment to the region and the UK.

With sport and culture as the catalyst, the Commonwealth Games will sit at the heart of a year full of historic moments that will also include the Queen’s Platinum Jubilee celebrations, along with Festival 2022 (see below for details), with all three providing much-needed celebrations that will lift people’s spirits and bring communities back together. Very soon people will be able to apply for Games tickets, with ballots due to open either side of the Tokyo 2020 Olympic and Paralympic Games, carefully timed to coincide with when sport is firmly in the spotlight and our screens will be filled with remarkable performances and inspirational sporting stories.

Ahead of the sporting action, we are looking forward to releasing more details very soon about the Queen’s Baton Relay. We will also be unveiling the inspirational team who will be helping us to deliver iconic opening and closing ceremonies that will befit of such an important event for the city and the country, plus we will be revealing the project that will start our celebrations in March 2022, when the six-month culture festival for Birmingham 2022 will begin.

The hosting of events of this magnitude is, of course, a team effort and we continue to be incredibly grateful to the partners and stakeholders we are working closely with to ensure that this is a spectacular and memorable edition of the Games. Their commitment and support is inspiring and we are grateful for the expert advice and counsel that we continue to receive.

### **Festival 2022 Limited**

In May 2020, at the request of DCMS, we established our subsidiary company Festival 2022 Limited to curate, manage and promote Festival 2022. We were 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. Additionally, there has been a benefit to the public purse as we have been able to share systems, offices, corporate expertise, and shared teams which is allowing for a more efficient and effective delivery.

Led by Chief Creative Officer, Martin Green CBE, Festival 2022 has been established in Birmingham to advocate Festival 2022 across England, Northern Ireland, Scotland, and Wales; working with strategic delivery bodies within each nation to devise and deliver the programme. The Festival will demonstrate the important role that creativity plays in our lives, as well as providing unforgettable experiences. This investment comes at a time of need for sectors impacted by the global pandemic and will support the creation of work and jobs.

## **Chair and Chief Executive’s Foreword (*continued*)**

Festival 2022 is a major, UK-wide celebration of creativity and innovation. It consists of ten ground-breaking commissions designed to reach millions, bring people together and showcase the UK’s creativity globally. These ambitious public engagement projects will involve hundreds of scientists, technologists, engineers, artists, and mathematicians working together in new and innovative collaborations.

Festival 2022 Limited has its own independent Board from the Company with full oversight over decisions and operational matters for the subsidiary. 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.

Festival 2022 Limited’s individual Report and Financial Statements for the period ended 31 March 2021 includes further details about the entity and a more detailed review of the period and forward look from the Chair of the Company.

John Crabtree OBE  
Chair on behalf of Board  
7 July 2021

Ian Reid  
Chief Executive Officer  
7 July 2021

# **Group Strategic Report**

## Group Strategic Report

The Directors are pleased to present their Group strategic report for the year ended 31 March 2021.

### Principal Activities

The Group is engaged in the planning, organising, staging and operation of the Birmingham 2022 Commonwealth Games (“the Games”) and Festival 2022 (“the Festival”). Funding is primarily provided by the Department for Digital, Culture, Media & Sport (“DCMS”) and Birmingham City Council (“BCC”) with further funding raised through ticket sales, cultural funding, sponsorship, broadcasting revenue, merchandising, and other commercial activities. The Group 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.

Due to the differing natures of the entities, it is appropriate to report separately on the Birmingham Organising Committee for the 2022 Commonwealth Games Limited (“the Company”) and the subsidiary Festival 2022 Limited in the Strategic Report. The Group Annual Report and Accounts includes statutory required information only and the Festival 2022 Limited Report and Financial Statements includes more detailed information on the individual entity’s governance and activities.

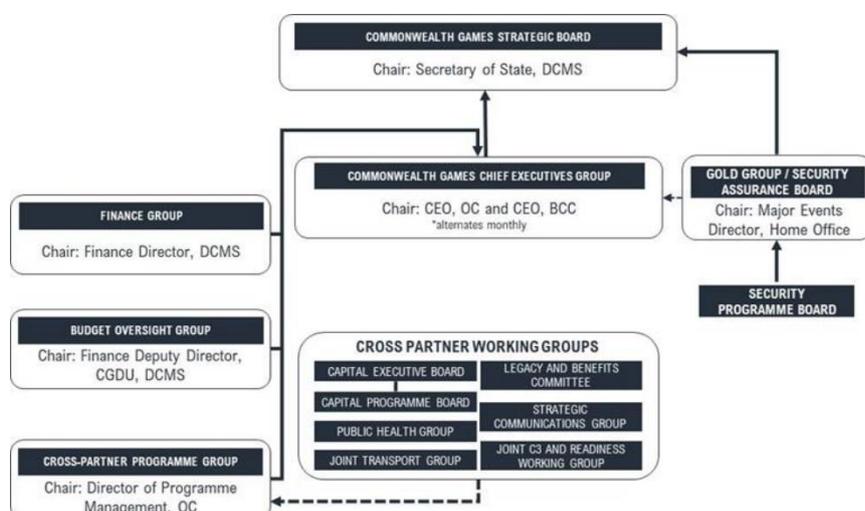
### Games Partners and Cross Partner Governance

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 (“Funding Partners”), 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 the Funding Partners are regularly informed of its performance against its budget targets.

A wider group of Games Partners will deliver elements of 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 (“WMCA”), 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.

There are a number of cross partner governance groups to ensure a strategic and integrated delivery of the Games. The governance groups are shown below:



## **Group Strategic Report (*continued*)**

### **Strategy and Objectives**

Alongside our Games Partners, the Company is committed to delivering the Games on time and within budget and remains fully focused on organising an event that brings people together, improves health and wellbeing, acts as a catalyst for change, helps the region to grow and firmly puts the city and the region on the map.

Birmingham 2022 will be delivered in a sustainable way, challenging the previous delivery model for major sports events. It will have a clear focus on inclusivity, both on and off the field of play, it will set new standards in accessibility, and it will create a platform to showcase the sporting talent of the Commonwealth, the cultural flair of the region and the passion and diversity of the people of Birmingham.

The Games has long been considered an important catalyst for transforming the host city, both through physical changes, such as new and improved leisure facilities, transport, and housing, as well as by inspiring a new boldness and pride. However, it has now taken on a fresh role as a crucial part of the post COVID-19 regional recovery plan, reigniting the local economy and bringing new opportunities for local businesses and local communities.

Birmingham 2022 will be at the heart of a year of celebration across the UK and will use sport and culture to unite the city, country, and the Commonwealth.

### **Business Review**

At the start of this financial year, during the first COVID-19 lockdown, a project known as 'Dinner with Strangers' was launched to bring local people together virtually, so that they could talk about their experiences during the pandemic and to look forward to the Games and a more positive future.

The Company together with its Games Partners announced changes to the plans for hosting athletes and officials. These changes meant 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 great facilities close to competition and training venues, will be delivered at the NEC, the University of Warwick, and the University of Birmingham.

The Company's accessibility commitment was also unveiled, the 24-hour change to the start date for the Games was also announced and history was made when the first ever virtual mascot summit was organised.

Plans for these three sites at the University of Birmingham, University of Warwick and at the NEC have developed significantly. Last September, the University of Birmingham, who will host our principal village, was also announced as a key partner for the Games.

To mark two years to go until the Games, Smithfield was confirmed as the venue for basketball 3x3, wheelchair basketball 3x3 and beach volleyball. In September 2020, St Nicholas Park in Warwick and West Park in Wolverhampton were announced as the start and finish venues for the cycling road race and the cycling time trial.

The construction of a new trail at Cannock Chase Forest, a substantial section of which will be used for the Games, has also progressed well, and is expected to open to the public soon.

The daily schedule for the Games was unveiled in October 2020, with the more detailed session schedule revealed in February 2021. The full event schedule was launched in June 2021, ahead of the ticket launch.

## **Group Strategic Report (*continued*)**

The full medal event programme for the Games was also shared in October 2020 and this confirmed that there would be more medal events for women than men for the first time in the history of the Commonwealth Games.

Also in October 2020, it was confirmed that the BBC will be the domestic broadcast rights holder for the Games, with the eleven days of sporting action broadcast across television, radio and online. Construction work has continued on the redevelopment of the Alexander Stadium and on the brand-new Sandwell Aquatics Centre. The dive tower on the latter was completed and unveiled at the start of 2021 and ‘topping out’ is expected to be achieved soon. The steelworks at the Alexander Stadium are now complete, so the curvature of the new stand is visible for all to see.

The search for official training venues was publicly launched in 2020 and the facilities have been assessed according to the criteria provided by the International Federations for each sport. The selected venues will be announced later in 2021.

Detailed planning work continued for the three campus villages which will accommodate athletes and team officials. Meetings have taken place with the Commonwealth Games Associations, to discuss the services available and the process for allotting teams to villages. The plans for the track cycling satellite village in London have also been further developed.

The Company continues to work closely with West Midlands Police, to ensure that a safe and secure Games is delivered, and detailed planning work has been carried out, in order to achieve this key objective.

More details about the six-month long cultural festival for Birmingham 2022 were shared at the start of 2021, after funding was secured from Arts Council England and the National Lottery Heritage Fund. An open call was circulated a few weeks later, encouraging proposals from artists and cultural organisations based in Birmingham and the West Midlands, in response to three specific creative briefs – nature (green spaces, urban nature and canals), trams (social transport heritage) and black art (the black art movement in the West Midlands).

Priority groups for these projects were also identified and included; children and young people, deaf and disabled people, and communities that established institutions don’t normally reach and communities with roots in other Commonwealth nations and territories.

The sponsorship family for Birmingham 2022 has continued to grow at pace with notable new additions in the last 12 months, including the University of Birmingham. The University added to its status as an official venue for hockey and squash, and as the principal campus village, by becoming an Official Partner for the Games.

Severn Trent was also announced as the Official Nature and Carbon Neutral Supporter, when the sustainability pledge was published in March 2021, taking on responsibility for organising a series of initiatives that will help offset the carbon generated by the Games.

Later that month the Games legacy plan, which will be delivered in partnership by Birmingham 2022, the UK Government, Birmingham City Council, Commonwealth Games England, the West Midlands Combined Authority, the Commonwealth Games Federation, Sandwell Metropolitan Borough Council, and the West Midlands Growth Company, was revealed. The plan includes nine legacy programmes that set out a bold vision for how the Commonwealth Games will transform the region and bring together communities from across the West Midlands.

March 2021 saw the unveiling of Perry the Bull as the official mascot for the Games. Inspired by a ten-year-old’s design, and named after the Perry Barr area of Birmingham, which is home to the Alexander Stadium, our official venue for athletics and ceremonies, Perry is covered in rainbow-coloured hexagons that represent the Commonwealth nations and territories coming together in equal partnership.

## **Group Strategic Report (*continued*)**

Following the launch of Perry, the Games' online shop went live, with a range of mascot merchandise part of the products on offer. This followed the appointment of the master licensee, taking on responsibility for designing, sourcing, and retailing all of the official merchandise for Birmingham 2022.

Early in 2021, 27 apprentices joined the Company and 1 in Festival 2022 and they are working within a variety of functional areas across the business, helping to deliver the Games.

The following objectives have been or are currently being delivered and are expected to be achieved in the next few weeks by the end of July 2021:

- Launch of merchandise store;
- Launching the volunteering programme;
- Publishing the full event schedule;
- Marking one year to go with an appropriate celebration;
- Launching the ticketing programme; and
- Publishing and engaging on the Games Transport Plan.

The main objectives for the coming year include:

- Ongoing COVID-19 scenario planning;
- Recruiting of Games time roles;
- Readiness exercise and Games time planning;
- Finalising and publishing the routes for all road events;
- Launching the Learning Programme;
- Confirming the official training venues;
- Completing the design and fabricating the Queen's Baton;
- Finalising plans for and launching the Queen's Baton Relay;
- Developing further the plans for opening, closing and welcome ceremonies;
- Selecting the projects that will be part of the cultural festival;
- Confirming details of the proposed Games time 'live sites';
- Finalising the design for the official medals; and
- Supporting the Business and Tourism Programme.

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

## **Group Strategic Report (*continued*)**

### **Festival 2022 Business Review**

From incorporation, Festival 2022 has successfully completed the set-up of the organisation, including the formation of the Subsidiary Board and delivery team. A number of key milestones have been met, primarily relating to the development of the creative programme, which was completed between September 2020 and March 2021.

The main objectives for the coming year include:

- Finalising the full Commissioning plans for each of the ten Festival projects;
- Continued recruitment of Festival roles across the partnership and delivery teams;
- Agreeing the locations for live activity across England, Northern Ireland, Scotland, and Wales;
- Defining digital engagement activity, broadcast and technology innovation across the Festival;
- Establishing the name and brand of the Festival (to replace the working title: Festival UK\* 2022);
- Building the communications, marketing, and digital strategy;
- Commencing community and school's engagement work;
- Defining evaluation plans and the benefits realisation framework for the Festival;
- Launching the Festival to the public;
- Completing pre-production to enable Festival commission to go live from March 2022;
- Ongoing COVID-19 scenario planning; and
- Delivery of the live production of the Festival from March 2022.

## Group Strategic Report *(continued)*

### Key Performance Indicators (KPIs)

The Company is set up to complete the planning, organisation, staging and operation of the Games in July and August 2022. The Company is governed by a Management Agreement with DCMS. Included within the Management Agreement are a number of operational objectives the Company must report to DCMS against. These objectives include progress against workforce numbers, budget monitoring and management of COVID-19. Below are the detailed objectives that the Company is measuring against in line with the management agreement.

Measure	Status
Management of COVID-19 planning	The Company has established and adopted a COVID-19 scenario planning framework with regular reviews scheduled to consider the impact of the global landscape on proposed safety measures.
Delivery of actions in line with both the integrated project plan agreed by the Games Partners and the Company's internal project plan to enable the Games to be ready for 28 July 2022.	<p>All key deliverables in the year have been achieved in line with the Project Plan. The key deliverables included announcement of the competition schedule, launch of the Games mascot, onboarding of key sponsors and providers including Longines and University of Birmingham together with the launch of the Legacy Plan, appointment of the uniform provider and implementation of measures under the Games Act.</p> <p>As noted above the Company continues to closely monitor the project plan and the impact of COVID-19 on the attainment of all key deliverables. The Opening Ceremony of the Games is now 24 hours later, so as to accommodate changes in other competition dates during summer 2022, resulting from the postponement of the 2020 Tokyo Olympics.</p> <p>The delivery of the Games has remained on schedule despite the challenging circumstances of COVID-19. Going into 21/22 the Company will continue to track all milestones and implement COVID-19 safety measures into the full programme as required.</p>
The 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	<p>Costs to date and projections for the Company's lifetime costs are in line with the Company's overall Games Budget.</p> <p>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. The inclusion of COVID-19 safety measures is being managed to agreed budgets based on the scenario planning framework.</p>

## Group Strategic Report (*continued*)

<p>Major procurement outcomes are in line with budgeted costs and demonstrate value for money.</p>	<p>The main procurements in the year were achieved within the estimated budgeted costs. The Company continues to closely monitor budgeted costs during all procurement activities and is tracking the inclusion of any COVID-19 safety measures through change control.</p> <p>A contractual review of existing contracts has been conducted in consideration of the COVID impact with findings presented to Board.</p> <p>Value for Money is a key focus in all procurements.</p>
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### Strategic Priorities

In addition to the above the Company has agreed with Delivery Partners to adopt four strategic priority themes and associated objectives being; a Birmingham Games at the heart of a year of UK celebration, sustainability, inclusivity, and creativity.

Against these objectives the Company is tracking 69 specific KPIs focussed on delivery through until Games Time with each categorised into one of the four themes. Recognising that most KPIs will not be delivered or evaluated until after the Games the Company reports significant progress across 24 KPIs during the year as summarised within each of the themes below:

#### 1. A Birmingham Games at the heart of a year of UK celebration

- Providing a platform to stage world class sporting moments by enabling athletes to perform at their best, with world class accommodation, training, and competition facilities;
- Supporting and enabling our home CGA 'Team England' to inspire the nation in the build up to, during and after the Games;
- Staging spectacular cultural moments across the Games through ceremonies and the cultural festival with local and regional representation that promote the Region's creativity to the world; and
- Providing a volunteer and workforce development programme that promotes and reflects the demographics of the West Midlands.

## Group Strategic Report (continued)

Key KPI / Status:

At Risk	Delayed	On Track	Complete
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Measure	Target	KPI / Status
A recognised timing, scoring and results service that meets or exceeds the requirements of the CGF	Aug 22	Longines engaged as Games sponsor
Team England Athletes at the centre of the Company's marketing campaigns	Aug 22	Campaigns delivered with Team England
Prioritise local and national ticketing policy to ensure strong host nation support	Jul 21	Ticketing strategy approved
Create opportunities for grass roots Birmingham organisations to deliver creative community projects targeting young people aged under 30 and the city's 25 most deprived wards	Aug 22	150 opportunities created, 200,000 participants and audiences reached
Athlete accommodation, amenities and training facilities meet or exceed the standards of the CGF	Aug 22	CGF approved
International standard, accessible competition and training venues	Aug 22	International Federation sign off completed

## 2. Sustainability

Delivering the most environmentally friendly Commonwealth Games ever, in a socially responsible way through a sustainable delivery model. Supporting regional economic recovery in a post pandemic world.

Measure	Target	KPI / Status
A fully accredited and audited carbon-neutral Games through a carbon reduction and offsetting scheme	Aug 22	Verification being explored. Focussed on high carbon impact FAs
Ensuring public transport included in the ticket price to minimise private car usage	Jul 21	Public transport included in the West Midlands region
Working with the supply chain for the car and bus fleet to maximise low emission vehicles that meet BCC Clear Air Zone requirements	Oct 21	Maximising use of clean efficient vehicles
Providing clean and free drinking water available at every Games venue to mitigate the purchase of single use plastic bottles	Aug 22	Severn Trent on boarded as sponsor and supplier of waterbars
A pledge to dramatically reduce the use of single plastics across the Games	Aug 22	Single use plastics project launched.
Develop and implement a Games ethical trading policy (modern slavery policy developed and implemented) which meets all international standards	Jul 21	Robust auditing now in place
Apprenticeships within the Company which maximise apprenticeship and training programmes	Aug 22	27 Company apprenticeships onboarded
Work alongside WMCA in support of their 'Virtual Forest' project to log all trees planted and promote its use	Aug 22	Captured in conservation action group

## Group Strategic Report (continued)

### Key performance indicators (continued)

#### 3. Inclusivity

Providing a Games for all which genuinely engages the whole region and provides the most inclusive Commonwealth Games sports programme ever, with gender equality and full integration of the Para sport programme.

Measure	Target	KPI / Status
A median ticket price of no more than £25	Jul 21	Median ticket price is below £25
Average ticket price for target sports maximises youth attendance	Jul 21	Concession prices start at under £10
In excess of 40 medal events across eight Para sports with the current Para athlete allocation of 390	Jul 21	Event Competition Schedule published
Para sports are fully integrated into the competition schedule to compete within the same session	Sep 20	Para sports integrated in competition schedule
The first Commonwealth Games with more female medal events than male medal events	Feb 21	More medal events for women set
In excess of ten mixed gender medal events	Feb 21	Session Competition Schedule published

#### 4. Creativity

Unlocking the creative potential of the West Midlands through an ambitious arts festival over six months that positively develops the region's cultural sector. Using the Games as a platform to showcase West Midlands design and innovation, whilst also developing innovative and modern Games delivery and venue solutions.

Measure	Target	KPI / Status
Raise funding to deliver a six-month Cultural Festival	Sep 22	£9.5m of £12m target achieved so far
The Queen's Baton integrates technology developed through collaboration with local scientists, artists and technologists	Jul 21	Innovative technology integrated
Prize and commemorative medals for the Games showcase the jewellery design heritage and talent of the West Midlands	Jul 21	At least 1 West Midlands designer engaged with final medal design and medals will be manufactured in Birmingham
Develop a flexible athletes allocation model for multiple CWG Villages with support of all CGAs	Jul 22	First draft of allocation model presented to CGF

## Group Strategic Report (*continued*)

### 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 established a COVID-19 Scenario Planning Framework for evaluation of the impact of COVID-19 across all Commonwealth nations with regards to full participation in the Games. A schedule of review points has been agreed to ascertain status and allow appropriate steps to be taken within the programme and procurement schedule to create flexibility in the final delivery solution. Advisory panels have been established to consider the impacts across five key areas; health, economics, policy, public sentiment, and the event landscape. Responses to the advisory considerations with associated safety measures of these COVID-19 scenarios have been developed for a range of planning scenarios. A review has been conducted on existing contracts as part of ongoing evaluation of the financial impact of these COVID-19 scenarios.

Following the April 2021 review point, and in consideration of supporting full international participation from all Commonwealth nations, the Board has approved the implementation of a number of core safety measures which will be delivered in addition to the full programme. This will hopefully allow full ticketing capacity to be achieved with additional safety measures in place to support a safe Games for all participating client groups. The Company continues to monitor the risk impact of COVID-19 on the business and is regularly reporting to ARAC and the Board on status.

### Festival 2022 Key Performance Indicators (KPIs)

Measure	Status
Selection of ten major Commissions	The R&D project was designed and completed in the year resulting in the selection of ten commissions to take forward for the Festival's public-facing programme.
Delivery of actions in line with both the integrated project plan agreed by the Festival partners and internal project plan to enable the Festival to be delivered in 2022.	Festival 2022 Limited was established in May 2020. The Festival is being delivered to an accelerated timeline; however, Festival has made significant progress in achieving all key deliverables in the year in line with the Project Plan. Critical to this was the formation of the Company's Board and the successful completion of the R&D Project. Delivering a large-scale project across the UK by March 2022 is an ambitious task and Festival continues to monitor resources and capacity to ensure this delivery momentum can be maintained. Despite the challenging circumstances of COVID-19, delivery of the Festival remains on schedule.
The outturn versus budget	The outturn for the year was in line with the budget for the period.
Meeting delivery obligations at a cost within Festivals part of the budget	Costs to date are within the overall Budget. Festival continues to closely monitor any financial risks identified to ensure delivery obligations can be met within budget. The inclusion of COVID-19 safety measures is being managed to be based on the scenario planning framework.
Major procurement outcomes are in line with budgeted costs	The main procurements in the year were within the estimated budgeted costs. Festival continues to closely monitor budgeted costs during all procurement activities. A significant number of procurements are due to take place in the next financial year and these are being managed accordingly.

## Group Strategic Report (*continued*)

Projected workforce costs against budget	The workforce costs for year ended 31 March 2021 were within the expected budget. The team continues to recruit key roles to ensure the organisation has sufficient resource to deliver the Festival and support the commissioned projects.
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### Festival 2022 Principal Risks and Uncertainties

Festival is delivered in partnership across the UK with funding and support from all four Governments. The Company is responsible for ensuring the programme is delivered at arms-length to the agreed strategic objectives and that the content is politically neutral. This is facilitated by a signed Concordat between the four Governments, agreeing to these principles and enabling Festival and the Strategic Delivery Bodies to independently deliver the Festival.

Festival is working with the Company on an established COVID-19 Scenario Planning Framework for evaluation of the impact of COVID-19 on Festival. A schedule of review points has been agreed to ascertain status and allow appropriate steps to be taken within the programme and procurement schedule to create flexibility in the final delivery solution.

Advisory panels have been established to consider the impacts across five key areas; health, economics, policy, public sentiment, and the event landscape. Responses to the advisory considerations with associated safety measures of these COVID-19 scenarios have been developed for a range of planning scenarios. A review has been conducted on existing contracts as part of ongoing evaluation of the financial impact of these COVID-19 scenarios.

The Company continues to monitor the risk impact of COVID-19 on the business and is regularly reporting to ARAC and Board on status.

### Festival 2022 UK Wide Partners

Festival 2022 is to be a UK wide event with delivery of commissions for Northern Ireland, Scotland and Wales being delivered by strategic delivery bodies for each nation.

The Company has put in place the necessary reporting and governance structures to ensure regular reporting on the performance of the whole Festival against its budget targets.

Projects delivered by other delivery bodies 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.

By order of the Board

John Crabtree OBE  
Chair on behalf of Board  
7 July 2021

# Directors' Report

## Directors' Report

***Birmingham Organising Committee for the 2022 Commonwealth Games Limited; Registered number: 11120160***

***Festival 2022 Limited; Registered number: 12581221***

The Directors are pleased to present their Annual Report on the affairs of the Group, together with the Remuneration Report, Financial Statements and Auditor's Report for year ended 31 March 2021. The Governance Statement set out on pages 31 to 45 forms part of this report.

The Group 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 with the remaining coming from various other income streams. 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/deficit 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 eight Directors nominated by Games Partners, together with six independent appointments (denoted by \* in the table below) as at 31 March 2021.

The Company's non-executive directors are:

Ama Agbeze MBE\* (appointed 10 February 2021)

Derrick Anderson CBE

Simon Ball

Jonathan Browning\* (resigned 5 October 2020)

John Crabtree OBE\*

Hiren Dhimar (appointed 27 October 2020)

David Grevemberg CBE (resigned 19 February 2021)

Lyndsey Jackson\*

Helen Judge (resigned 27 October 2020)

Dame Louise Martin DBE (resigned 27 July 2020, re-appointed 19 February 2021)

Ian Metcalfe

Dame Julie Moore DBE

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

Eleanor Simmonds OBE\*

Professor Geoff Thompson MBE\* (appointed 25 January 2021)

Nicholas Timothy\*

Councillor Ian Ward

## **Directors' Report (continued)**

### **Financial Results**

The results of the Company for the year are detailed from page 60 and consolidated results for the Group are from page 84.

One of the most significant expenditure items for the Group during the year was £3m 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. Employee salaries of £9.1m plus outsourced services and labour and secondees costs of £8.6m, and Festival 2022 commissioning costs of £5.3m are also a significant expenditure item this year. The other expenditure mainly relates to marketing, transport, security, and technology.

A £1 million payment was paid to a hotel for the reservation of accommodation at Games Time which the Company have obtained HM Treasury approval for and have recorded as a prepayment in the 2020/21 Financial Statements.

As the Company moves towards the delivery of the Games, expenditure will increase significantly as a number of procurements will be finalised and further key suppliers appointed.

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 goods and services provided to the Company by Games Sponsors.

In the previous year, the Company 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. The equivalent amount this year is £Nil following the incorporation of a subsidiary company in May 2020, Festival 2022 Limited, which received the relevant funding directly during the year from DCMS.

Festival 2022's full results are presented in its individual Annual Report and Financial Statements. Festival 2022's results are based on a short period of account of 11 months.

### **Commercial Income**

In addition to the three sponsorship contracts signed in the 2019/20 financial year, the Company has signed a further seven contracts this financial year. These being with the University of Birmingham as Official Partners and the University will also be the principal village for athletes and team officials.

North, providers of telecommunications services, Severn Trent sustainability services and PwC which provides professional services have been signed as Official Supporters. Finally Sunset + Vine as Host Broadcasters, NVT Group for IT services and DRPG for creative communications services. CSM Live providing look, feel and wayfinding services have signed as Official Providers post year-end.

The Sponsorship team continues to work with potential sponsors to secure sponsorship deals for the Games. COVID-19 has presented a challenge in this area and the Company continues to focus on meeting its targets.

### **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 from 12 months of signing date, as the Company will have sufficient financial resources to meet its liabilities as they fall due.

## **Directors' Report (continued)**

The Company continues to assess the impact of COVID-19 in its scenario planning. The Company has a Government guarantee in relation to its costs set out in the Host City Contract and laid in a Departmental minute before Parliament in 2017. This guarantee allows the Company to plan accordingly taking into consideration COVID-19 and meet its Host City Contract obligations.

The Company will operate for a limited period of time, and once its purpose of staging the Games is complete, it will be wound down and dissolved in an orderly and solvent manner. Management has established a Steering Group to develop and implement dissolution plans across a number of workstreams, including contracts, assets, information, facilities management and workforce.

### **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 Limited", was incorporated.

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.

Festival 2022 has received its funding through a Grant from DCMS based on budgeted spend for the period.

### **Investment in Non-Current Assets**

The Company spent £878,000 on non-current assets during the year. This largely relates to the fit-out of its offices at One Brindley Place and information technology equipment.

### **Future Non-Current Asset Investment & Business Developments**

In 2021/22 the Company forecasts the recognition of capital assets of £2.1m. The majority of this relates to the capitalisation of a second office lease under IFRS 16, and further IT spend as the Company employs more staff in the run up to the Games.

Future business developments have been addressed in the Group Strategic Report on page 9.

### **Employees with a Disability**

The Company holds the status of a "Disability Confident" approved employer. This means that the Company is fully committed to the elimination of unlawful and unfair discrimination and the Company values 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 its employees. The Company is diverse in its approach to recruitment and recognises 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.

## **Directors' Report (*continued*)**

### **Employee Communication**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them and the performance of the Company. This is achieved through a weekly all staff briefing known as 'Birmingham Buzz', the development and launch of an intranet known as 'The Foundry', regular presentations from different functional areas known as 'Lunch and Learn' or 'Teatime Talk' sessions and company-wide emails that share key updates and announcements.

The Group has initiated a number of staff specific groups including a group for ethnically diverse communities, a group for women and an all-inclusive staff group.

### **Equality, Diversity and Inclusion**

Alongside the Group's legal obligations to comply with the requirements of the Equality Act 2010, the Public Sector Equality Duty and any other relevant equality legislation, the Company's approach to equality, diversity, and inclusion (EDI) is based around five 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;
- Educating and developing our shared understanding on issues of inequality.

The Company has now achieved the Leaders in Diversity award and accreditation by the National Centre for Diversity. The Company is now working on taking forward its EDI action plan.

The Company is 14<sup>th</sup> in the top 100 Most Inclusive Workplaces in 2021's National Diversity Centre awards.

## **Directors' Report (continued)**

### **Developing a workforce reflective of the West Midlands**

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. All hiring managers will attend unconscious bias training. The Company's workforce EDI dashboard enables it to actively monitor representation within its recruitment processes and workforce make-up, in order to identify how it compares against the West Midlands population.

If the Company identifies groups which are under-represented, it takes appropriate action to target these groups, to increase their participation in recruitment. The Company's Games time workforce also includes its volunteers. The Company will monitor volunteer applications and the workforce of suppliers, so that it can remain focused on the priority of developing a workforce reflective of the West Midlands and will take action where appropriate.

### **Protecting Labour rights and mitigating Modern Slavery risk**

The Company wants to ensure that the United Nations (UN) Guiding Principles on Business and Human Rights are at the core of delivery to respect, protect, and promote those rights and freedoms guaranteed to all individuals under law. The Company will ensure a risk-based, credible and pragmatic approach is implemented to protect Labour Rights and mitigating Modern Slavery risk.

The Company conducts a Modern Slavery risk assessment, to identify potential labour and human risks in the supply chain and plans for appropriate mitigation responses. Based on the risk categories, the Company will implement a tiered approach of increasing levels of mitigations (Low to Medium to High risk) where mitigations for high-risk suppliers will include some Modern Slavery 'spot check' reviews on sites. All suppliers in the Company's supply chain will be required to do self-declarations and work with the Company to remedy, if there are any labour rights / modern slavery issues.

### **Delivering a highly accessible and inclusive Games**

The Company has an internal EDI working group in place with membership from across the Company. This working group enables the Company to challenge and share progress as it works to ensure that EDI is fully embedded in its internal processes and its delivery. The Company will engage all areas of the business to identify any requirements for EDI support, to ensure that good practice is shared across the organisation and to identify any relevant risks and issues relating to EDI.

### **Creating a fair, supportive and open culture throughout Games delivery.**

The Company is listening to staff on how it is performing in relation to fairness and inclusion. This includes a quarterly inclusion survey and Executive Management Team ("EMT") listening sessions. The survey questions around fairness and equal treatment are disaggregated by protected characteristics so that the Company can identify and act upon any disproportionate experience.

### **Connecting communities to the Games through engagement and participation**

The Company will initiate an external EDI working group which will incorporate many of the Company's Regional Community Leaders who have provided valuable contributions to support its EDI progress to date.

## **Directors' Report (continued)**

### **Educating and developing our shared understanding on issues of inequality**

All staff were asked to complete an e-learning programme developed by the National Centre for Diversity based on the principles of FREDIE; Fairness, Respect, Equality, Diversity, Inclusion and Engagement. The Company is working with community leaders and partners to deliver additional one-off sessions for staff on this topic. The staff network is also keen to play a role in developing EDI learning across the organisation.

### **Accessibility**

Birmingham 2022 is committed to delivering a highly accessible and inclusive Commonwealth Games.

The Accessibility Manager and team are working to embed, promote and implement accessibility throughout the Games.

The Games Accessibility and Inclusion commitment was published in June 2020. The strategic objectives defined in this commitment focus on ensuring a safe, independent, and dignified experience for all athletes, spectators, workforce and anyone involved with the Games.

### **Sustainability**

The sustainability of the Games is a key consideration of the Company and is embedded in every aspect of its operations. Since the last report, the stance on sustainability has been further reinforced, with the publishing of the organisation's Sustainability Pledge, which was approved by the Board and was published in March 2021.

This pledge encompasses more than the 2019 Sustainability Commitment, which originally focused on the four Cs of; Certification, Carbon, Circular Economy and Conservation. In addition, the pledge also incorporates the Socioeconomic impacts of hosting an international sporting event such as Human Rights, Accessibility, Social Value and Equality, Diversity and Inclusion.

As part of the pledge, the Company continues to:

- Work towards being regarded as the most sustainable Commonwealth Games to date;
- Pursue certification to the ISO 20121 standard for sustainable events management;
- Work towards being the first carbon neutral Commonwealth Games;
- Implement the circular economy principles across all its operations to remove unwarranted single use plastic and reduce overall waste created by the event, and
- Create an event that is accessible for all and reflective of Birmingham and the wider West Midlands.

These ambitions are also aligned to the UN Sports for Climate Action Framework, (with Birmingham 2022 being the first ever Commonwealth Games to be a signatory), whilst also enshrining the United Nations' 17 Sustainable Development Goals (SDGs), which are also referenced throughout the Company's Social Value Charter and Legacy workstreams.

## Directors' Report *(continued)*

### Sustainability *(continued)*

With the advent of the new Sustainability Pledge rolled out in March, the commitment to Sustainability has also been solidified with the expansion of the team. Three more roles have been created with a Head of Sustainability joining, in addition to two coordinators, bringing a wealth of experience in ISO integration and carbon management.

Whilst this transition takes place, the Head of Sustainability has continued to develop the sustainability measures which 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 through the media of the Games Sustainability forum which was established in December 2019 and a newly formed Partner Sustainability Working Group.

With COVID-19 changing everyone's lives during the last year, the Company has been incredibly resilient and has continued to progress with planning and preparations for the Games. Whilst refurbishments have been taking place at Head Office, the majority of staff have been working remotely for the duration of 20/21. During this time, recruitment has continued, and the Company now has 400 staff. The Company is now able to report on the below metrics:

- 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.

Total gross CO<sub>2</sub>e emissions based for Group for the period was 278.6 tCO<sub>2</sub>e. A breakdown of GHG emissions and energy use data for the period is given in the table below.

Activity	Consumption (kWh)	GHG Emissions (Location-Based) tCO <sub>2</sub> e	GHG Emissions (Market-Based) tCO <sub>2</sub> e
<b>Total Scope 1</b>	<b>718,709</b>	<b>132</b>	
<i>Gas Use (Scope 1)</i>	<i>718,709</i>	<i>132</i>	
<b>Total Scope 2</b>	<b>608,402</b>	<b>141</b>	<b>0</b>
<i>Electricity (Scope 2)</i>	<i>608,402</i>	<i>141</i>	<i>0</i>
<b>Total Scope 3</b>	<b>22,458</b>	<b>5.6</b>	
<i>Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel.</i>	22,458	5.6	
Tonnes of CO <sub>2</sub> e per full time equivalents	-	1.6	

## **Directors' Report (continued)**

### **Sustainability (continued)**

In the period covered by the report there has also been a concerted effort to reduce energy usage in the Groups office and make sure the fittings and systems are more energy efficient. No air conditioning is used, except for the few servers which are in place. Old lighting has also been replaced LED lighting throughout the office and PIR sensors have been added to internal and external lights.

The building management systems (BMS) and light management system were in place when the office lease was acquired, however, these have been subsequently adjusted to fit the needs of the Group and the reduction in energy bills has proven the effectiveness of this management. The electricity is also supplied by a renewable energy tariff.

In line with an operational boundary methodology, this report covers the energy consumption within the Groups office location, One Brindley Place, and expensed travel for business mileage.

Emissions have been calculated in alignment with the GHG Reporting Protocol – Corporate Standard and relevant 2020 DEFRA emission factors have been applied to calculate the carbon dioxide equivalent emissions from energy use. Consumption data was recorded from utility invoices, and business mileage data is tracked through the financial expense system based on the reimbursement value of 45p/mile. As the expense system does not capture details about the type of car used, the emission factor for an average car size with fuel unknown was used.

The average number of staff was used to calculate the intensity ratio of tonnes of Co2e per full time equivalents.

Total gross energy used by Group for the period was 1349 MWh, covering the energy use of:

- Gas;
- Electricity; and
- Business travel in rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel.

### **Political and Charitable Contributions**

During the year, the Group made no charitable or political contributions.

### **EU Exit**

The Group has taken the appropriate measures to ensure the Company and Festival 2022 Limited operate as usual by assessing the principal risks and uncertainties facing the business (see page 42 for further information), by reviewing any significant judgements made within the financial statements and the going concern assessment within the financial statements.

### **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.

## **Directors' Report** *(continued)*

### **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  
7 July 2021

# **Governance Statement**

## Governance Statement

This statement sets out the governance structures, risk management and internal control procedures which the Group had in place during the year ended 31 March 2021. It also covers future plans in place to ensure the Company is well prepared 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 a 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 nine times during the year holding six scheduled two-monthly meetings and three extraordinary meetings held in April, June and July 2020.

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

- the endorsement of the alternative Athletes Village plan from one village at Perry Barr to three Villages at each of University of Birmingham, University of Warwick and the NEC;
- contingency planning around the effects of Covid-19 on the Games including the 24-hour change to the Games' dates;
- approval of key strategies including EDI, sustainability, ticketing, volunteering and health and safety;
- reviewing the Games capital projects being undertaken for the Games by the Games Partners;
- the key risks and issues facing the Games;
- setting up of a new subsidiary for Festival 2022 Limited;
- specific Games' approvals (e.g. major procurement and sponsorship contracts) as well as the Games mascot, road race and time trial venue and competition schedule; and
- the lifetime budget for the Games.

Biographies of all Board members can be found on the Company website at <https://www.birmingham2022.com/corporate/who-we-are/board-of-directors/>

## Governance Statement (continued)

Board attendance for year to 31 March 2021

Board Member	Apr-20*	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Nov-20	Jan-21	Mar-21	Attendance
John Crabtree OBE	✓	✓	✓	✓	✓	✓	✓	✓	✓	9 out of 9
Ama Agbeze MBE ( <i>appointed February 2021</i> )	NA	NA	NA	NA	NA	NA	NA	NA	✓	1 out of 1
Derrick Anderson CBE	✓	✓	✓	✓	✓	✓	✓	✓	✓	9 out of 9
Simon Ball	✓	✓	✓	✓	✓	✓	✓	✓	✓	9 out of 9
Jonathan Browning ( <i>resigned October 2020</i> )	✓	✓	✓	✓	✓	✓	NA	NA	NA	6 out of 6
Hiren Dhimar ( <i>appointed October 2020</i> )	NA	NA	NA	NA	NA	NA	✓	✓	✓	3 out of 3
David Grevemberg CBE ( <i>resigned February 2021</i> )	✓	✓	✓	✓	✓	x	✓	✓	NA	7 out of 8
Lyndsey Jackson	✓	✓	✓	✓	✓	✓	✓	✓	✓	9 out of 9
Helen Judge** ( <i>resigned October 2020</i> ) or alternate***	✓	✓	✓	✓	✓	✓	NA	NA	NA	6 out of 6
Dame Louise Martin DBE ( <i>resigned July 2020</i> ) ( <i>reappointed February 2021</i> )	✓	✓	✓	✓	NA	NA	NA	NA	✓	5 out of 5
Ian Metcalfe	✓	✓	✓	✓	✓	✓	✓	✓	✓	9 out of 9
Dame Julie Moore DBE	x	✓	✓	✓	✓	✓	x	✓	✓	7 out of 9
Sandra Osborne ( <i>appointed July 2020</i> )	NA	NA	NA	NA	✓	✓	✓	✓	✓	5 out of 5
Eleanor Simmonds OBE	✓	✓	✓	x	✓	✓	✓	✓	✓	8 out of 9
Geoff Thompson MBE ( <i>appointed January 2021</i> )	NA	NA	NA	NA	NA	NA	NA	NA	✓	1 out of 1
Nicholas Timothy	✓	✓	✓	x	✓	✓	✓	✓	✓	8 out of 9
Councillor Ian Ward	✓	✓	✓	x	✓	✓	x	✓	x	6 out of 9
<b>Company Secretary</b>										
Caroline McGrory	✓	✓	✓	✓	✓	✓	✓	✓	✓	9 out of 9

\* Extraordinary Board Meetings.

\*\* Special leave taken from July 2019.

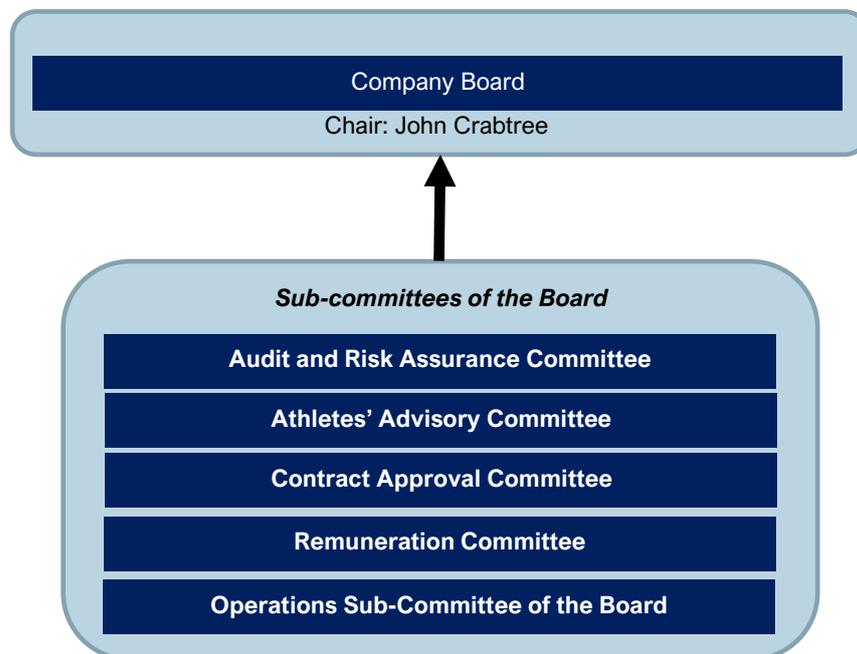
\*\*\* Sam Lister appointed an alternate during this time. Andrew Field attended August 2020 meeting as alternate for Sam Lister.

All meetings held via Microsoft Teams

## ***Governance Statement (continued)***

### **Sub Committees of the Board**

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



#### ***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, including:

- developing the internal audit plan;
- monitoring the implementation of internal and external audit recommendations and reviewing the Company’s risk framework; and
- ratifying 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, an internal audit work programme was developed and executed for 2020/21. An audit plan for 2021/22 has been approved and audit work has commenced.

## Governance Statement (continued)

ARAC attendance for the year to 31 March 2021

ARAC Committee Member	Apr -20	Jun-20	Aug-20	Sept-20	Nov-20	Jan-21	Mar-21	Attendance
Simon Ball	✓	✓	✓	✓	✓	✓	✓	7 out of 7
Sam Lister (DCMS representative until November 2020)	✓	x	✓	✓	NA	NA	NA	3 out of 4
Hiren Dhimar (appointed as DCMS representative from November 2020)	NA	NA	NA	NA	✓	✓	✓	3 out of 3
Nicholas Timothy	✓	✓	✓	x	✓	x	✓	5 out of 7
Rebecca Hellard (appointed as BCC representative August 2020)	NA **	NA **	✓	✓	✓	x	✓	4 out of 5
Chantal Henderson*	✓	✓	✓	✓	✓	✓	✓	7 out of 7
Gill Ball OBE*	✓	✓	✓	✓	✓	✓	✓	7 out of 7

\* Ex-officio member

\*\* Following departure of Clive Heaphy in March 2020, Birmingham City Council did not have a representative.

### Athletes' Advisory Committee

The Athletes' Advisory Committee ("AAC") 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 AAC will help ensure the best possible experience for all participants. The members of the AAC represent a wide-range of sports – athletics, Para athletics, netball, squash, triathlon and weightlifting, and all members are Commonwealth Games medallists from previous Games. Ama Agbeze has been appointed as the Athletes' Advisory Committee Chair.

The AAC will meet up to six times in 2021 to discuss a range of issues that will impact on athletes in the lead up to and during Birmingham 2022. The meetings will precede each of the Company's Board meetings.

AAC Committee Member	May-20	Aug-20	Nov-20	Mar-21	Attendance
Ama Agbeze (Chair)	NA	NA	NA	✓	1 out of 1
Alistair Brownlee	✓	✓	✓	✓	4 out of 4
Tom Bosworth	✓	✓	✓	x	3 out of 4
Sarah Davies	✓	✓	✓	✓	4 out of 4
Jodie Gibson	✓	✓	✓	✓	4 out of 4
Katrina Hart	✓	✓	✓	✓	4 out of 4
Sarah-Jane Perry	✓	✓	✓	✓	4 out of 4
Colin Gregor*	✓	✓	x	✓	3 out of 4

\*Observer on behalf of the CGF's Athletes Advisory Commission

## Governance Statement (continued)

### Contract Approval Committee

The Contract Approval Committee (“CAC”), which acts on behalf of the Board, was chaired by Jonathan Browning (Independent Director), now chaired by Dame Julie Moore (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 Financial Delegation. It is delegated to approve the sourcing strategy for all contracts with a value greater than £1 million and the award of all contracts that have a proposed value between £1m and £5m. All contract awards above £5m require Board approval as well as sponsorship agreements.

CAC Committee Member	Apr - 20	May - 20	Jun - 20	Jul - 20	Aug - 20	Sep - 20	Oct - 20	Nov - 20	Dec - 20	Jan - 21	Feb - 21	Mar - 21	Attendance
Jonathan Browning* (Chair)	✓	✓	✓	✓	✓	✓	NA						6 out of 6
Dame Julie Moore (Chair October 20 onwards)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12 out of 12
David Leather **	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12 out of 12
Ian Metcalfe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12 out of 12
Rebecca Hellard***	✗	✗	✓	NA	1 out of 3								
Guy Olivant ****	NA	NA	NA	✓	✓	✓	✗	✓	✓	✓	✓	✓	8 out of 9
Richard Tibbatts**** (alternate for Guy Olivant)	NA	NA	NA	NA	NA	NA	✓	NA	NA	NA	NA	NA	1 out of 1

\* Member left the Committee in October 2020

\*\* Representative of CGFP

\*\*\* Representative of BCC

\*\*\*\*Deputy Representative of BCC

### Games Legacy and Benefits (“LAB”) Committee

The Legacy and Benefits (“LAB”) Committee was originally established as a sub-Committee of the Company Board in June 2019. In December 2019 the Games Partners who are principally responsible for the delivery of legacy and benefits of the Games to the region (i.e. the Company, WMCA, BCC and DCMS) agreed to cross-fund the creation of a new leadership post, the Director of Legacy. In May 2020, the LAB Committee tasked the Director of Legacy with reviewing and refreshing all aspects of LAB governance, which included the reporting lines of the Committee itself.

## **Governance Statement (continued)**

Following that review, the Games Partners changed the reporting line of the LAB Committee such that it now reports into the Games Strategic Board, the most senior cross-partner oversight group. This change promotes oversight from all Games Partners, and means that, the LAB Committee is no longer a direct sub-Committee of the Company Board. Member attendance for the period 1 April 2020 to 2 July 2020 prior to this change was as follows: -

<b>LAB Committee Member</b>	<b>Apr-20</b>	<b>Jun-20</b>	<b>Attendance</b>
John Crabtree (Chair)	✓	✓	2 out of 2
Deborah Cadman	✓	✓	2 out of 2
Martin Reeves	✓	✓	2 out of 2
Cllr. Ian Ward	✗	✗	0 out of 2
Bruce Robertson	✓	✓	2 out of 2
Sam Lister	✗	✗	0 out of 2
Ian Reid	✓	✓	2 out of 2
Casey Bailey	✓	✓	2 out of 2
Nicola Ibbetson	✓	✓	2 out of 2
Anisa Morridadi	✓	✗	1 out of 2
Sarah Rennie	✓	✓	2 out of 2
Fleur Sexton	✓	✓	2 out of 2

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’ community representatives. 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.

### **Remuneration Committee**

The main purpose of the Remuneration Committee (“REMCO”) is to approve salary changes linked to role changes for Chiefs and Directors, 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 twice during the year:

<b>REMCO Committee Member</b>	<b>May-20</b>	<b>Aug-20</b>	<b>Attendance</b>
Lyndsey Jackson (Chair)	✓	✓	2 out of 2
John Crabtree	✓	✓	2 out of 2
Derrick Anderson	✓	✓	2 out of 2

## **Governance Statement (continued)**

### **Operations Sub-Committee of the Board**

The Operations Sub-Committee (“OPCOM”) met for the first time in September 2020 and has held two further bi-monthly meetings in the period since. The remit of OPCOM is to review the key operational strategies as developed by the OC. The members have been selected for their range of experience and knowledge of multi-sport Games to cover the core operational competencies of Sport, Venue and Village Management, Transport, Security, Games Services, Venue Development and Overlay, Technology and Broadcast. OPCOM provides the Board with assurance on the proposed strategies and makes recommendations to the Board on their approval or otherwise.

<b>Committee Member</b>	<b>Sept 20</b>	<b>Nov 20</b>	<b>Jan-21</b>	<b>Attendance</b>
Lyndsey Jackson (Chair)	✓	✓	✓	3 out of 3
Ian Whitehead*	✓	✓	✓	3 out of 3
Bernard Ainsworth*	✓	✓	✓	3 out of 3
Nigel Walker*	✓	✓	✓	3 out of 3
Cathy Chapman*	✓	✓	✓	3 out of 3
Michael Renshaw*	✓	✓	✓	3 out of 3

\*Ex-officio member

The Committee is comprised of ex-officio members due to their ‘expert’ knowledge in the multi-sport Games industry.

### **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/governance/freedom-of-information-publication-scheme/>

### **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.

### **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 produced to reflect the ongoing business needs and transactions. The Company will also ensure it responds to any new or emerging risks and create new policies or procedures to manage these as required.

## **Governance Statement (continued)**

### **Risk Management Summary**

Overall, good progress continues to be made across all departmental work streams, even though the majority of the workforce working from home for the last 12 months. The Company has continued to embed Risk Management principles throughout functional area teams, highlighting the importance of early risk identification and accurate recording of risks during the induction to the Company and providing expert guidance and support to ensure risk registers are completed in alignment with the Company's Risk Management Framework.

The Company Programme Management and Integrated Planning ("PIP") 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 deliverables, ensure items are identified for escalation where required and action plans are updated. To enable the Company to respond with increasing agility as detailed planning is completed, the Operations Sub-Committee of the Company Board has been established with delegated authority to make decisions within their remit and act as a point of escalation for operational risks.

Those responsible for the Company's work streams are identifying, documenting and managing risks and issues as they arise. In addition, risks affecting areas of the programme beyond the sole remit of the Company are discussed via the relevant forums of the Games' governance structure, where a further challenge is provided to severity scoring, the adequacy of mitigating actions and the timely progress of risk management.

### **Strategic Risks**

In November 2018 the Games Partners agreed a set of Strategic Risks to be managed and monitored. The Company's PIP team regularly reviews the status of these risks, and associated operational risk items, across all Delivery Partners and provide updates to the Strategic Board on a quarterly basis.

Risk Management is a core element of the Company's Project and Programme Management approach, with the Company's Risk Management practices following recognised industry standards. This approach has been shared with Games Partners to ensure consistent recording and management of risks relating to the Birmingham 2022 Commonwealth Games, including those that are reported to the Strategic Board (see page 10).

By their nature, Risk Registers are 'living documents' and are continually edited, updated and added to. The Company's PIP team deliver regular, comprehensive reviews of all risk items. The outputs of the Company's Risk Management process are reviewed by the Company's ARAC on a quarterly basis.

The list below identifies the principal risk areas which could possibly impact on the planning and delivery of the Birmingham 2022 Commonwealth Games. The identification of the risks below does not indicate that the Company considers them likely to occur.

## **Governance Statement (continued)**

### **Strategic Risks (continued)**

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

1. Lack of approved Games budget (subsequently mitigated by formal budget approval in May 2021);
2. Delays to capital projects/ new venue build (Strong capital programme governance in place - Sandwell Aquatics Centre and Alexander Stadium are on schedule);
3. Lack of public support for the Games (engagement levels high and database growth on track);
4. Games security increased operational complexity (Working closely with West Midlands Police. Private Contract Security providers appointed);
5. Effective operation and integration of Games Partners (Strong integration across Games Partners. Joint Games 'roadmap' in place);
6. Lack of Games legislation (Games Act received royal assent in June 2020);
7. Cost and/or delivery challenges arising from EU Exit (Monitoring of supply chains in place);
8. Political change (Cross-party support for the Games has continued);
9. Benefits, Legacy and Engagement not realised after the Games (Legacy plan published and objectives measured regularly);
10. Athlete non-attendance (Expected team sizes regularly updated. Continuous engagement with CGAs);
11. Games Transport delivery disruption (Games Transport Plan published June 2021); and
12. Impact of COVID-19 (Dedicated COVID-19 team established. Constant monitoring and close working with national and local government).

The continued impact of the COVID-19 pandemic on the planning and delivery of the Birmingham 2022 Commonwealth Games has required the Company to consider both the specific challenges arising from the virus as well as the wider impact on existing risks being managed by the Company. The impact of COVID-19 will continue to be a major consideration when planning the delivery of the Birmingham 2022 Commonwealth Games, both in the short-term and as the Company looks forward to Games time. It is being fully considered by all work streams, with assurance provided by the monthly department level review sessions.

During this reporting period, the Company has undertaken two detailed impact assessments of COVID-19 on the planning and delivery of the Birmingham 2022 Commonwealth Games and received direction from the Company Board and Strategic Board on the most appropriate planning assumptions to adopt. These assessments have reviewed the challenges that COVID-19 has brought the Company and Games Partners with outputs communicated and embedded in all planning for the Birmingham 2022 Commonwealth Games.

The disclosure below summarises the key actions taken by the Company in response to the COVID-19 pandemic.

## **Governance Statement (continued)**

### **Strategic Risks (continued)**

<p>Staff wellbeing</p>	<p>The Company has required that its staff work from home in line with Government advice since the imposition of the lockdown in March 2020. The Company’s IT infrastructure and systems meant that it was well placed to support colleagues with these changed working arrangements. All staff, including those that have been recruited during the lockdown period, have been provided with a laptop and given access to a secure video conferencing platform.</p> <p>Throughout the duration of the lockdown, the Company has maintained regular contact with its employees, both formally and informally, with a focus on ensuring wellbeing and healthy working patterns and behaviours. Additional support has been provided through delivery partners, and the Company’s Employee Assistance programme, to manage staff mental health and wellbeing.</p> <p>Newly onboarded staff have been provided with an extended induction as they commence work with the Company, highlighting the operations of the Company, working-from-home best practice and the health- related services, including access to the mental health support, available to all staff.</p>
<p>Programme delivery</p>	<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. To allow programme delivery to continue as planned, the COVID-19 impact assessments have been supported by additional contracted resources.</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. During the lockdown period the company’s staff, including secondees, have increased from 85 to 339 (March 2021) reflecting the ambition of the Company to maintain progress during this period.</p>
<p>Global sporting calendar</p>	<p>During this reporting period, the date of the Opening Ceremony for the Birmingham 2022 Games has been changed by 24 hours and will now start on Thursday 28 July 2022.</p> <p>To agree this change, the Company worked collaboratively with the Commonwealth Games Federation and other major sporting events scheduled to take place in 2022, including the UEFA Women’s Euro 2022 and the World Athletics Championships, to ensure that there was the best possible opportunity for world-level athletes to attend the Birmingham 2022 Commonwealth Games and the maximum opportunity for all events to take place in an exciting summer of sport in the UK.</p>

## **Governance Statement (continued)**

### **Strategic Risks (continued)**

Review of Games related capital projects	The Company has continued to work with Games Partners on all risks to the delivery of Birmingham 2022 Games capital projects, monitoring the ongoing impact of COVID-19 and other pressures on the deliverability of the other capital projects. Actions, including release of contingency funding, have been taken to maintain construction delivery schedules whilst the delivery timetable remains tight the Company has gained increasing confidence of the successful delivery of all Games capital projects based on progress in the year.
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 implemented a continuous review of its procurement pipeline to identify areas where COVID-19 may adversely affect security of supply or the economics of the relevant market. This has been conducted in conjunction with reviewing any impacts due to the EU Exit. The procurement pipeline remains on track to deliver all required scope for the Games.</p> <p>In addition, a contract management framework has been put in place with training delivered to staff, so that the Company is well placed to deal with contractual changes necessitated by COVID-19.</p>
Budget review	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 to accommodate those impacts. It is recognised that the potential financial impact of COVID-19 will continue to evolve, and the Company is mindful that its financial requirements and plans may need to flex accordingly.
Regional recovery	The Company has sought to understand the city and region’s plans for recovery from the COVID-19 pandemic so as to best align its activities with those plans. This has resulted in increased integration between the Company and West Midlands Growth Company, particularly in relation to the Business and Tourism Programme in order to maximise the impact of the investment in the region and wider opportunity which the Games represents.

Going forwards, the Company will continue to monitor the risks and issues arising from the COVID-19 pandemic at pre-determined review points the next of which is September 2021. All items arising from these reviews will be managed in line with the Company’s approved Risk Management Framework which is described in more detail below.

## **Governance Statement (continued)**

### **Risk Management Framework**

The Company has developed a Risk Management Framework based on International Standard ISO 31000 Risk Management Process, which was last reviewed and approved by the Company's ARAC in November 2020. The Company has continued to embed a risk management culture where employees and stakeholders are aware of the importance of monitoring and managing risk and are supported by the Company's Programme Management and Integrated Planning (PIP) team to fulfil their role within the process.

Responsibility for the identification, documentation and management of risks is focused within the Company's departments, with guidance, support and oversight of the Risk Management process delivered by the PIP. This team provides a central co-ordinating function that undertakes trend analysis across the organisation, ensures Risk Management best practice is followed by all involved. The PIP team also manage the escalation of cross-departmental risks that impact multiple Games delivery partners and ensures that these are considered by appropriate governance forums including the Chief Executives Group and the Strategic Board.

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

### **Risk Oversight**

The Company Board operates an established sub-committee, the 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 and mitigating actions.

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. Actions have been undertaken to address these recommendations and outcomes have been reported to the ARAC. A further audit of risk management processes is now being undertaken in the 2021/22 reporting period.

During this reporting period, the ARAC undertook a horizon-scanning risk exercise to provide an independent view of potential risk areas for the Company covering close proximity items, long-term programme items and potentially high impact areas. The outputs of this exercise have been validated by the Company and are being managed in alignment with the Company's Risk Management Framework.

### **Information Risk**

The Company has appointed its long-term IT Resourcing partner to manage the Microsoft Modern Workplace environment and long-term IT Cyber Security suppliers for both penetration and cyber security training and for Security Incident and Event Monitoring and Critical Incident Response services. The company has implemented the high-risk recommendations made by the PwC Cyber Security audit and continues to work closely with the National Cyber Security Centre to maintain the security of all Company data. The Company has been able to support remote working securely and successfully during the COVID-19 lockdown including the recruitment and on-boarding of over 350 new joiners.

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

## **Governance Statement (continued)**

### **Cyber Security**

Oversight to the management of this risk is being provided throughout Birmingham 2022's governance structure. The Company is engaged with the National Cyber Security Centre who are providing expertise, guidance and assurance to ensure all appropriate actions are identified and completed to maintain the security of Birmingham 2022's technology infrastructure.

### **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 providing a single source of information that enables coordinated monitoring and consistent reporting of the Company's activities both internally and to all respective governance bodies, including the Company Board.

A monthly review of milestones and 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 department-level schedules, issues and risks has developed over this reporting period; with increasing challenge being provided by the PIP team, to ensure all programme management information is complete and accurate. A series of programme "health-check" reviews are scheduled to be undertaken periodically in the lead up to the Games, led by the PIP team, to provide assurance that all items requiring visibility or action from the Company Executive or governance forums continue to be identified and prioritised for action or decision as appropriate.

### **Cross Partner Programme Management**

Cross-Partner programme management, integration and prioritisation are achieved through the Games Partner PMS. This system documents issues, risks, schedules and manages change requests escalated from workstream governance for Cross-Partner consideration by the Chief Executives Group and Strategic Board, aligned to the Games Change Request Strategy. This system is maintained by programme leads from each of the Games Partners, with outputs reviewed by monthly meetings of the Games Partner Programme Group (CPPG) and reported to the Chief Executive Officers Group and the Strategic Board inclusive of all items that require a decision, action or support from the relevant governance body. See page 10 for the cross-partner governance framework structure.

### **Internal Audit**

A Company specific programme of internal audit work was prepared by PwC and agreed with the Executive Management Team and the Audit and Risk Assurance Committee. This programme is designed to provide assurance that appropriate controls have been designed and are operating correctly in relation to a number of the risks faced by the Company.

In 2020/21 audits completed covered Third-Party Contactor Management, Transport Operations, Security Operations, Cyber Security Controls, Integrated Planning, Commercial Income, Workforce Planning and HR, 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, Directors, 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 are reported to each Audit and Risk Assurance Committee meeting. The team work to address and close all internal audit findings as they arise.

## **Governance Statement (continued)**

As the Company is reaching a key point in its Games Delivery Planning, complicated by the potential impact of the COVID-19 pandemic. It is recognised that in 2021/22 the internal audit delivery needs to be able to respond quickly to this while not putting an additional burden on teams. PwC has developed an approach which will support more agility and real time assurance in its delivery moving forwards.

The ARAC has confirmed with PwC that adequate controls exist to ensure its independence as internal auditor will not be adversely impacted by its decision to become a Games sponsor. PwC signed as a Games sponsor in May 2021.

In February 2021, Festival 2022 appointed PwC to carry out its Internal Audit Function on behalf of its Board. A programme of internal audit work was prepared and agreed with Festival 2022's 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 Festival 2022. Following this appointment an audit of the commissioning process for the selection of the Festival projects was completed and a full programme of internal audit activity for 2021/22 designed.

### **Other Assurance**

The Company's Internal Auditors, PwC, organise and Chair the Commonwealth Games Assurance Forum group. This group shares information on internal audit activity across individual Games' delivery partners in order to coordinate activities.

The Company is also subject to other assurance reviews including the Commonwealth Games Federation (CGF) Coordination Commission reviews. The Coordination Commission (CoCom) is responsible for the delivery oversight of the Commonwealth Games and tasked with monitoring the Games to ensure it is delivered to scope, schedule, and budget. To date the Company has been subject to six reviews; the latest one took place in June 2021. To date positive feedback has been received in particular in relation to the integrated nature of delivery and how well the Games Partners are working together.

### **Fraud and Error**

The Group has a zero-tolerance policy on fraud, malpractice, and corruption. The Group has a number of policies and procedures which set out the arrangements for reporting and responding to suspected fraud. Both Group entities completed a detailed fraud risk assessment during the year. Controls are in place to ensure risk areas are appropriately responded to and fraud risks in relation to new transaction types are fully considered.

# Remuneration Report

## 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

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

	2021 £000	2020 £000
Directors' emoluments (including benefits in kind)	8	-

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

Eleanor Simmonds OBE was remunerated through a third party for services in relation to a marketing campaign.

### 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.

## Remuneration Report (continued)

### Executive Team Members (continued)

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	2019/20 Total £000
Ian Reid*	Chief Executive Officer	184	15	9	208	204
Josie Stevens**	Chief Marketing Officer	133	12	-	145	140
Caroline McGrory*	Chief Legal Officer	133	11	-	144	133
David Grady*	Chief Financial Officer	151	12	-	163	130
Martin Green*	Chief Creative Officer	162	13	-	175	149
Total		763	63	9	835	756

\* A proportion of Ian Reid, Martin Green, David Grady and Caroline McGrory salaries were recharged to Festival 2022 Limited during the course of the 2020/21 financial year. Recharges in the period for the shared Executive Management team totalled £157,608 amount (2020: £nil).

\*\* Left in December 2020.

The Chief Information Officer, Executive Director of Operations, Director of Programme Management and Integrated Planning, Executive Director of Workforce & Games Services, and Director of Venue, Village Development and Overlay are seconded into the Company by CGF Partnerships Limited in accordance with the Host City Contract. The cost of these secondees was £894,096 in the year. Tax and National Insurance are deducted at source.

During the year, Festival 2022 formed its Executive Management Team, all members of which are employed by the Company.

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 2021 Total	FTE Period ended 31 March 2020 Total
£140,000 - £144,999	1	2
£145,000 - £149,999	1	-
£155,000 - £159,999	-	1
£160,000 - £164,999	1	1
£174,999 - £179,999	1	-
£200,000 - £204,999	-	1
£205,000 - £209,999	1	-

● - only relevant bands have been included

### Travel and Expenses (data was subject to audit)

During the year, the Group paid travel and subsistence costs of £18,157 (2020: £84,000), of which £17,000 (2020: £84,000) related to the Company.

## **Remuneration Report (continued)**

### **Sickness Days**

During the year to 31 March 2021 the Group lost 161.5 (2020: 120 days) days to sickness absence of which 151 days were lost in the Company. The average sick days per employee in the Group during the period was 0.48 days (2020: 2.5 days).

### **Staff Exit Packages** (data was subject to audit)

During the year one individual left the Group who received a non-contractual payment in addition to the contractual payment in lieu of notice. The individual was paid £5,304 during the year with the sum of £7,905 remaining in current liabilities as at 31 March 2021. These additional non contractual termination amounts were approved by HMT prior to agreement with the individual.

There were no staff exit packages in the Group's subsidiary Festival 2022 during the period.

### **Trade Unions**

The Group 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.

### **Group Hutton Fair Pay Disclosures** (data was subject to audit)

The Group is required to disclose the relationship between the remuneration of the highest paid member of the EMT 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 Management Team was £190,000-194,999 per annum (excluding employer pension contributions) (2020: £190,000-194,999). For period ended 31 March 2021 this was 4.28 times (2020: 3.90 times) the median remuneration of the annualised workforce as at 31 March 2021, which equated to £45,000 (2020: £50,000).

The Group was established on 1 May 2020 following the incorporation of Festival 2022 Limited. During the year ended 31 March 2021, more middle managers were recruited. As the wider workforce grows in the coming year, it is reasonable to expect the Fair Pay ratio of 4.28 to continue to increase in the future.

Remuneration ranged from £18,000 to £162,000 (2020: £20,000 to £149,000) excluding the highest paid member of staff. No member of staff received remuneration higher than the highest paid member of the Executive Management Team.

The median remuneration remains high as the Group 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)**

### **Company Hutton Fair Pay Disclosures** (data was subject to audit)

The Company is required to disclose the relationship between the remuneration of the highest paid member of the EMT 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 Management Team was £190,000-194,999 per annum (excluding employer pension contributions) (2020: £190,000-194,999). For period ended 31 March 2021 this was 4.28 times (2020: 3.90 times) the median remuneration of the annualised workforce as at 31 March 2021, which equated to £45,000 (2020: £50,000).

The Company was established in 2018 and with a few exceptions, senior staff were the first to be recruited. During the year ended 31 March 2021, more middle managers were recruited. As the wider workforce grows in the coming year, it is reasonable to expect the Fair Pay ratio of 4.28 to continue increase in the future.

Remuneration ranged from £18,000 to £162,000 (2020: £20,000 to £149,000) excluding the highest paid member of staff. No member of staff received remuneration higher than the highest paid member of the Executive Management Team.

The median remuneration remains 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.

### **Staff Composition & Turnover**

The number of civil service staff (excluding agency and contractors) expressed as headcount of the Group, split between male and female as at 31 March 2021:

<b>Grade</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
Executive Team	2	3	5
Other CSC	2	3	5
Employees	188	136	324
<b>Total</b>	<b>192</b>	<b>142</b>	<b>334</b>
<i>Percentage of Staff</i>	<i>57%</i>	<i>43%</i>	

The Group has a 5% staff turnover rate during the year.

### **Expenditure on Consultancy**

For expenditure on consultancy, refer to Note 6 on page 70 for the Company and Note 31 on page 90 for the Group.

### **Off-payroll Engagements**

As at 31 March 2021 there were 5 off-payroll engagements for more than £245 a day and that lasted for longer than six months. Also, 2 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.

## Remuneration Report (continued)

### Off-payroll Engagements (continued)

The following tables summarise the off-payroll engagements:

**Table 1: For all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last for longer than six months**

	2021
No. of existing engagements as of 31 March 2021	5
Of which...	
No. that have existed for less than one year at time of reporting.	3
No. that have existed for between one and two years at time of reporting.	2
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 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months**

	2021
No. of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	3
Of which...	
No. assessed as caught by IR35	3
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 2020 and 31 March 2021**

	2021
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.	10

# **Statement of Directors' and Accounting Officer's responsibilities**

## 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 Group financial statements, in accordance with applicable law and regulations.

Company Law requires the Directors to prepare Group financial statements for each financial period. Under that law they have elected to prepare the Group 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 Group and of its income and expenditure and cash flows for the financial period. In preparing the Group 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group 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 Group. 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 Group's assets, are set out in Managing Public Money published by HM Treasury. The Group 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  
7 July 2021

Ian Reid - Chief Executive Office  
7 July 2021

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

## **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 Birmingham Organising Committee for the 2022 Commonwealth Games Limited (“the Company”) for the year ended 31 March 2021 which comprise the consolidated and parent company Statement of 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006.

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the group’s and the parent company’s affairs as at 31 March 2021 and of the group’s and the parent company’s result for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of 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.

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

### **Conclusions relating to Going Concern**

In auditing the financial statements, I have concluded that the Company’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

### **Other Information**

The other information comprises information included in the Officers and Professional Advisors section, the Chair and Chief Executive’s Foreword, the Group Strategic Report, the Directors’ Report, the Governance Statement, the Remuneration Report, the Statement of Directors’ and Accounting Officer’s responsibilities, but does not include the parts of the of the Remuneration Report described in that report as having been audited, the financial statements and my auditor’s report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 2006;
- the information given in the Group Strategic Report and Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and Directors’ Report 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**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, I have not identified material misstatements in the Officers and Professional Advisors section, the Chair and Chief Executive’s Foreword, the Group Strategic Report, the Directors’ Report, the Governance Statement, the Remuneration Report, the Statement of Directors’ and Accounting Officer’s responsibilities.

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Directors’ Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director’s remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

### **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 group and Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor’s responsibilities for the audit of the financial statements**

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Company’s head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Company’s policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Group’s controls relating to the Companies Act 2006 and Managing Public Money.
- discussing among the engagement team including significant component audit teams and involving relevant internal specialists including the Practice Quality team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals.
- obtaining an understanding of Company and group’s framework of authority as well as other legal and regulatory frameworks that the Company and group operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company and group. The key laws and regulations I considered in this context included the Companies Act 2006, Managing Public Money, Employment Law and tax Legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure 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.

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.

**Greg Wilson (Senior Statutory Auditor)**

**8 July 2021**

For and on behalf of the

**Comptroller and Auditor General (Statutory Auditor)**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# **Company Financials**

**Company Statement of Comprehensive Income**  
*for the year ended 31 March 2021*

	<i>Note</i>	<b>2021</b> <b>£000</b>	2020 £000
<b>Income</b>			
Grant Income	4	<b>37,698</b>	15,723
Income	5	<b>2,213</b>	422
<b>Total Income</b>		<b>39,911</b>	16,145
Administrative expenses	6	<b>(39,800)</b>	(16,045)
<b>Operating profit</b>	7	<b>111</b>	100
Financial expenses	10	<b>(111)</b>	(100)
<b>Result before taxation</b>		-	-
Taxation	11	-	-
<b>Result for the financial year</b>		-	-
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of other equipment	12	-	155
<b>Other comprehensive income for the financial year</b>		-	155
<b>Total comprehensive income for the financial year</b>		-	155

The notes on pages 65 to 83 form part of these Financial Statements.

## Company Statement of Financial Position

As at 31 March 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
<b>Non-current assets</b>					
Property, plant and equipment	12		1,010		469
Right-of-use asset – office building	13		1,701		2,673
Long term trade and other receivables	14		16,513		13,574
<b>Total non-current assets</b>			<b>19,224</b>		<b>16,716</b>
<b>Current assets</b>					
Trade and other receivables	15	10,314		2,096	
Cash and cash equivalents	24	2,156		3,140	
<b>Total current assets</b>			<b>12,470</b>		<b>5,236</b>
<b>Current liabilities</b>					
Trade and other payables	16	(9,008)		(3,383)	
Provisions	18	(15)		-	
Lease liability	13	(1,973)		(812)	
<b>Total current liabilities</b>			<b>(10,996)</b>		<b>(4,195)</b>
<b>Net current assets</b>			<b>1,474</b>		<b>1,041</b>
<b>Non-current liabilities</b>					
Trade and other payables	17	(18,058)		(14,388)	
Provisions	18	(1,476)		(290)	
Lease liability	13	(1,009)		(2,924)	
<b>Total non-current liabilities</b>			<b>(20,543)</b>		<b>(17,602)</b>
<b>Net assets</b>			<b>155</b>		<b>155</b>
Profit and loss reserve			69		5
Revaluation surplus reserve			86		150
<b>Total equity</b>			<b>155</b>		<b>155</b>

The notes on pages 65 to 83 form part of these Financial Statements.

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

John Crabtree OBE  
Chair on behalf of the Board  
7 July 2021

Ian Reid  
Chief Executive Officer and Accounting Officer  
7 July 2021

Company registered number: 11120160

**Company Statement of Changes in Equity**  
*for the year ended 31 March 2021*

	Profit and loss reserve £000	Revaluation surplus reserve £000	Total equity £000
<b>As at 31 March 2019</b>	-	-	-
Profit for the year	-	-	-
<i>Other comprehensive income:</i>			
Revaluation of fixed assets	-	155	155
Transfers during the year	5	(5)	-
<b>As at 31 March 2020 and 1 April 2020</b>	5	150	155
Profit for the year	-	-	-
Transfers during the year	64	(64)	-
<b>Balance at 31 March 2021</b>	<b>69</b>	<b>86</b>	<b>155</b>

The notes on pages 65 to 83 form part of these Financial Statements.

Company registered number: 11120160

## Company Statement of Cash Flows

for the year ended 31 March 2021

	Note	2021 £000	2020 £000
<b>Cash flows from operating activities</b>			
Result for the period		-	-
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	12, 13	1,307	1,034
Loss on disposal of property, plant and equipment	12	2	-
Financial expenses	10	111	100
Value in kind non-cash income		(1,327)	(277)
Value in kind non-cash expenditure		1,475	308
Provisions	18	1,183	278
Operating cash flows before movements in working capital		2,751	1,443
(Increase)/decrease in trade and other receivables *	15	(4,298)	3,318
Decrease/(increase) in trade and other payables *	16	2,097	(3,241)
Decrease in long term trade and other payables*	17	171	190
Cash generated by operations		721	1,710
Tax paid	11	-	-
<b>Net cash inflow from operating activities</b>		<b>721</b>	<b>1,710</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(878)	(319)
<b>Net cash outflow from investing activities</b>		<b>(878)</b>	<b>(319)</b>
<b>Cash flows from financing activities</b>			
Lease payments	13	(827)	-
<b>Net cash outflow from financing activities</b>		<b>(827)</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>24</b>	<b>(984)</b>	<b>1,391</b>
Cash and cash equivalents at start of financial year	24	3,140	1,749
<b>Cash and cash equivalents at 31 March 2021</b>		<b>2,156</b>	<b>3,140</b>

\* - 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 65 to 83 form part of these Financial Statements.

## Notes to the Company Financial Statements for the year ended 31 March 2021

*(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 from 12 months of signing date, as the Company will have sufficient financial resources to meet its liabilities as they fall due.

The Company continues to assess the impact of COVID-19 in its scenario planning. The Company has a Government guarantee in relation to its costs set out in the Host City Contract and laid in a Departmental minute before Parliament in 2017. This guarantee allows the Company to plan accordingly taking into consideration COVID-19 and meet its Host City Contract obligations.

The Company will operate for a limited period of time, and once its purpose of staging the Games is complete, it will be wound down and dissolved in an orderly and solvent manner. Management has established a Steering Group to develop and implement dissolution plans across a number of workstreams, including contracts, assets, information, facilities management and workforce.

#### 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

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 1 Accounting policies (continued)

The Company also elected to adopt the following amendments early:

- Annual Improvements to IFRS Standards 2018-2020 Cycle.
- COVID-19-Related Rent Concessions – amendments to IFRS 16 and Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### 1.5 New standards, interpretations and amendments not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods:

- IFRS 17 Insurance Contracts – Effective 1 January 2023
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 – Effective 1 January 2023
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 – Effective 1 January 2022
- Reference to the Conceptual Framework – Amendments to IFRS 3 – Effective 1 January 2022
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 – Effective 1 January 2022
- Annual Improvements to IFRS Standards 2018–2020 – Effective 1 January 2022

None of these standards have early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### 1.6 Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Further details regarding the Company's subsidiary is provided in note 2.

#### 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 £36.7 million. £0.62 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. Value in Kind commercial income is recognised at fair value.

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 1 Accounting policies (continued)

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 Statement of Comprehensive Income 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 account 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.

#### 1.13 Property, plant, and equipment (“PPE”) and depreciation

PPE is 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. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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.

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 1 Accounting policies (continued)

The asset is 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 right-of-use asset is currently depreciated over the lease term.

#### 1.15 Right-of-use asset (continued)

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.

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, an Executive Management remuneration scheme, an enhanced severance payment provision and an additional HR provision.

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 Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable. Contingent liabilities do not include provisions for which it is certain that the entity has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain.

A contingent liability is not recognised in the Statement of Financial Position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes.

#### 1.18 Revaluation surplus reserve

The Company recognises a revaluation surplus reserve in relation to the Other Equipment which was revalued in the prior year to reflect the fair value of the asset at 31 March 2020.

### 2 Investments in subsidiaries

The Company has a subsidiary undertaking, Festival 2022 Limited incorporated on 1 May 2020, which is a Company limited by guarantee for which the Company is the sole guarantor (and, as such, there is no cost of investment associated with this subsidiary entity). Investments in subsidiaries are held at cost less accumulated impairment losses. The registered address of Festival 2022 Limited is One Brindley Place, Brindley Place, Birmingham, B1 2JB. Further information on Festival 2022 Limited is disclosed in the Business Review on page 14.

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 3 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 20.

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.

#### *Provisions for liabilities and charges*

The Company has made a reasonable estimate on the dilapidations provisions using a cost per square metre using industry average rates. 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 value of services/goods received to date is the best proxy for recognition of revenue. The contracts do not contain significant financing components.

### 4 Grant Income

An analysis of funding per body is given below:

	<b>2021</b>	2020
	<b>£000</b>	£000
Department for Digital, Culture, Media and Sport – Grant-in-aid	<b>36,864</b>	11,592
Birmingham City Council	<b>834</b>	4,131
	<b>37,698</b>	15,723

Grant-in-aid received from The Department of Digital, Culture, Media and Sport during the period was £36,670,000 (2020: £8,530,550). Included in the £36,864,000 is the release of grant deferred from the prior period of £812,822 less the current year deferral of £618,992 at the year end. Included within Grant-in-aid is £Nil (2020: £415,000) of development funding which was awarded to the Company by DCMS under 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 necessarily be reflected in the annual Grant Income the Company receives as the Company is only responsible for a proportion of the Games budget.

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 5 Income

An analysis of Income is given below:

	<b>2021</b>	2020
	<b>£000</b>	£000
Commercial Income – Value in Kind	<b>1,327</b>	277
Cultural Programme Income	<b>270</b>	-
Legacy Programme Income	<b>120</b>	-
West Midlands Police Income	<b>235</b>	-
Other Income	<b>261</b>	145
	<b>2,213</b>	422

### 6 Administration expenses

	<b>2021</b>	2020
	<b>£000</b>	£000
Payroll costs	<b>10,280</b>	3,152
Host city fee	<b>3,000</b>	4,000
Secondees	<b>3,641</b>	1,939
Outsourced services and labour	<b>718</b>	4
Host Broadcast services	<b>4,133</b>	-
Sports development grant	<b>2,750</b>	500
Marketing and advertising	<b>3,694</b>	1,466
Operations costs	<b>3,764</b>	1,061
Depreciation	<b>1,307</b>	1,034
Other administrative expenses	<b>587</b>	335
Retention costs	<b>281</b>	-
Office management costs	<b>621</b>	667
Dilapidations	<b>715</b>	221
Information technology costs	<b>1,227</b>	528
Professional services	<b>860</b>	401
Recruitment costs	<b>1,263</b>	387
Contractors and consultants	<b>849</b>	229
Rates	<b>110</b>	121
	<b>39,800</b>	16,045

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 7 Operating profit

	<b>2021</b>	2020
	<b>£000</b>	£000
<i>Included in operating profit are the following expenses:</i>		
Depreciation of other equipment	<b>115</b>	10
Depreciation of IT equipment	<b>125</b>	28
Depreciation of fixtures and fittings	<b>95</b>	6
Depreciation of right-of-use asset – office buildings	<b>972</b>	990
<i>Amounts receivable by auditor and their associates in respect of:</i>		
Audit of these financial statements	<b>60</b>	47

Finance expenses and cash outflows relating to leases have been disclosed in note 13.

### 8 Remuneration of directors

	<b>2021</b>	2020
	<b>£000</b>	£000
Directors' emoluments (including benefits in kind)	<b>8</b>	-

From 31 March 2019, the one remunerated Director has chosen to waive his payment. Additional information on remuneration is included within the Remuneration Report.

### 9 Average number of employees

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

	<b>2021</b>	2020
	<b>Number of employees</b>	Number of employees
Administration and management *	<b>85</b>	38
Operations *	<b>86</b>	7
	<b>171</b>	45

\*The Company continues to increase its workforce as it gets nearer to the Games time. Staff numbers as at 31 March 2021 are as follows:

	<b>Number of employees</b>	Number of employees
	<b>March 2021</b>	March 2020
Administration and management	<b>130</b>	63
Operations	<b>176</b>	17
	<b>306</b>	80

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 9 Average number of employees (continued)

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

	<b>2021</b>	2020
	<b>£000</b>	£000
Wages and salaries	<b>8,617</b>	2,628
Social security costs	<b>987</b>	312
Other pension costs (note 23)	<b>676</b>	212
	<b>10,280</b>	3,152

In addition to the wages and salaries there were a number of staff seconded into the organisation. The majority of these staff were from CGF Partnerships Limited in accordance with the Host City Contract. During the year the costs were £3,641k (2020: £1,939k).

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

	<b>2021</b>	2020
	<b>Number of</b>	Number of
	<b>Employees</b>	Employees
Contractors	<b>4</b>	1
Secondees	<b>33</b>	16
	<b>37</b>	17

### 10 Finance Costs

	<b>2021</b>	2020
	<b>£000</b>	£000
Unwinding of discount on long term accruals	<b>20</b>	14
Interest on lease liability	<b>73</b>	73
Unwinding of long-term provisions	<b>18</b>	13
	<b>111</b>	100

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 11 Taxation

#### (a) Analysis of taxation in period recognised in the Statement of Comprehensive Income

	2021 £000	2020 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	7
<b>Total current taxation</b>	<b>-</b>	<b>7</b>
<i>Total deferred tax</i>		
Origination and reversal of timing differences	-	(7)
Effect of changes in tax rates	-	-
<b>Total deferred taxation</b>	<b>-</b>	<b>(7)</b>
<b>Total taxation</b>	<b>-</b>	<b>-</b>

No liability to UK corporation tax arose for the year ended 31 March 2021 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:

	2021 £000	2020 £000
Profit before taxation	-	-
Taxation calculated at UK standard rate of corporation tax of 19%	-	-
<b>Total taxation</b>	<b>-</b>	<b>-</b>

#### (c) Factors affecting future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted by 31 March 2021 and therefore no adjustment has been made to deferred taxation balances to account for this change. However, given that there are no deferred tax balances in the current year, even if the rate change had been substantively enacted by 31 March 2021, the overall effect would have been Nil.

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 12 Property, plant and equipment

	IT Equipment £000	Fixtures and Fittings £000	Other equipment £000	Total £000
<b>Cost/revaluation</b>				
As 1 April 2019	45	-	-	45
Additions	85	108	126	319
Revaluation	-	-	155	155
As 31 March 2020 and 1 April 2020	130	108	281	519
Additions	285	593	-	878
Disposals	(2)	-	-	(2)
<b>At 31 March 2021</b>	<b>413</b>	<b>701</b>	<b>281</b>	<b>1,395</b>
<b>Depreciation</b>				
As 1 April 2019	6	-	-	6
Charge for the year	28	6	5	39
Revaluation	-	-	5	5
As 31 March 2020 and 1 April 2020	34	6	10	50
Charge for the year	125	95	115	335
<b>At 31 March 2021</b>	<b>159</b>	<b>101</b>	<b>125</b>	<b>385</b>
<b>Net book value</b>				
At 31 March 2020	96	102	271	469
<b>At 31 March 2021</b>	<b>254</b>	<b>600</b>	<b>156</b>	<b>1,010</b>

Included within Fixtures and Fitting is £331k of Assets under Construction (2020: £77k) relating to the works at One Brindley place. These assets have not been subject to depreciation.

There was no revaluation of other equipment during the year as there is not considered to be an active market for the asset (2020: £155k).

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 13 Lease obligations

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

	<b>Total £000</b>
<b>Cost</b>	
As 31 March 2019	-
Transition to IFRS16	3,663
<b>At 01 April 2019, 31 March 2020 and 31 March 2021</b>	<b>3,663</b>
<b>Depreciation</b>	
As 1 April 2019	-
Charge for the year	990
As 31 March 2020	990
Charge for the year	972
<b>At 31 March 2021</b>	<b>1,962</b>
<b>Net book value</b>	
At 31 March 2020	2,673
<b>At 31 March 2021</b>	<b>1,701</b>

The Company's lease is for the rental of One Brindley Place. 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.

	<b>2021 £000</b>	2020 £000
Current (due within 1 year)	<b>1,973</b>	812
Non-current (due over 1 year)	<b>1,009</b>	2,924
	<b>2,982</b>	3,736

The following table presents the contractual undiscounted cash flows for these lease obligations as at 31 March 2021:

	<b>2021 £000</b>	2020 £000
Current (due within 1 year)	<b>1,998</b>	827
Non-current (due over 1 year)	<b>1,038</b>	3,036
	<b>3,036</b>	3,863

Interest expense on lease obligations for the year ended 31 March 2021 was £73k (2020: £73k). Total cash outflow for leases was £827k (2020: £Nil) in the period as the Company's rent-free period has ended.

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 14 Trade and other receivables falling due over one year

	<b>2021</b>	2020
	<b>£000</b>	£000
Contract Receivables	<b>16,513</b>	13,574

The contract receivable relates to eight (2020: three) signed contracts, which relate to Legal Services, Recruitment, Timing, Scoring and Results, Telecommunications, Venues and Sustainability. The total value of the contracts receivable is £21,449,225 (2020: £14,897,928) with the balance shown as due within one year in note 15. Income will be recognised on the contracts based on the Company's utilisation of the services as they are deemed required in the business. During the year, £1,327,000 (2020: £277,000) was recognised as income. Income is recognised when the Company receives the Value in Kind goods and services. The Company expects to receive the revenue during the course of 2021 and 2022 till the end of the Games.

### 15 Trade and other receivables falling due within one year

	<b>2021</b>	2020
	<b>£000</b>	£000
Accounts receivable	<b>246</b>	176
VAT receivable	<b>2,151</b>	411
Prepayments	<b>2,466</b>	116
Other debtors	<b>27</b>	28
Accrued revenue	<b>488</b>	349
Contract receivables	<b>4,936</b>	1,016
	<b>10,314</b>	2,096

Contract receivables relate to signed contracts the Company has in place as at 31 March 2021 for Value in Kind services to be received at a future date. The increase in prepayments relates to procurements with contractual terms meaning payment is due before services have been provided and also deposits in relation to Games Time specific items.

### 16 Trade and other payables falling due within one year

	<b>2021</b>	2020
	<b>£000</b>	£000
Trade payables	<b>428</b>	186
Deferred income	<b>1,912</b>	874
Other payables	<b>-</b>	6
Accrued expenses	<b>2,226</b>	1,403
Contract liability	<b>4,442</b>	914
	<b>9,008</b>	3,383

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 to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 17 Trade and other payables falling due over one year

	2021 £000	2020 £000
Accrued expenses	873	682
Contract liability	17,185	13,706
	<b>18,058</b>	<b>14,388</b>

Contract liabilities relate to signed contracts the Company has in place for Value in Kind services to be settled at a future date. Increase in contract liability balance relates to the increase in contract receivable balance for Value in Kind contracts. The increase in the liability is due to five Value in Kind contracts being signed during the year.

### 18 Provisions

	Leasehold Dilapidations £000	Group HR £000	Other £000	Total £000
As 1 April 2019	-	-	-	-
Charged to the P+L	220	57	-	277
Unwinding of discount	13	-	-	13
<b>At 31 March 2020</b>	<b>233</b>	<b>57</b>	<b>-</b>	<b>290</b>
<b>Due within one year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Due over one year</b>	<b>233</b>	<b>57</b>	<b>-</b>	<b>290</b>

	Leasehold Dilapidations £000	HR £000	Other £000	Total £000
As 1 April 2020	233	57	-	290
Charged to the P+L	715	453	15	1,183
Unwinding of discount	18	-	-	18
<b>At 31 March 2021</b>	<b>966</b>	<b>510</b>	<b>15</b>	<b>1,491</b>
<b>Due within one year</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>15</b>
<b>Due over one year</b>	<b>966</b>	<b>510</b>	<b>-</b>	<b>1,476</b>

Dilapidations are based on best estimate based on current usage of the building, there is a £1 million maximum cap in the lease which has been fully recognised during the year using a discount rate of 1.99%. The full provision will be utilised in the final year of the lease agreement being 2022. No provisions have been utilised in the year.

On the 28 October 2020, the Company announced its Enhanced Severance Payment (HR in the above table) for all eligible employees which has been approved by HMT. Also included is the Executive Management remuneration scheme, both which are payable in future years.

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 19 Financial instruments

#### *Carrying amount of financial instruments*

The carrying amounts of the financial assets and liabilities include:

	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Non-current Assets</b>		
Other financial assets measured at amortised cost:		
Contract receivables	<b>16,513</b>	13,574
	<b>16,513</b>	13,574
<b>Current Assets</b>		
Other financial assets measured at amortised cost:		
Trade and other receivables	<b>760</b>	204
Cash and cash equivalents	<b>2,156</b>	3,140
Contract receivables	<b>4,936</b>	1,016
	<b>7,852</b>	4,360
<b>Non-current liabilities</b>		
Other financial assets measured at amortised cost:		
Contract liabilities	<b>(17,185)</b>	(13,706)
Lease liability	<b>(1,009)</b>	(2,924)
Long term accruals	<b>(872)</b>	(682)
	<b>(19,066)</b>	(17,312)
<b>Current liabilities</b>		
Other financial liabilities measured at amortised cost:		
Trade and other payables	<b>(2,653)</b>	(192)
Contract liabilities	<b>(4,442)</b>	(914)
Lease liability	<b>(1,973)</b>	(812)
	<b>(9,068)</b>	(1,918)

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 19 Financial instruments (continued)

#### 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 funding from DCMS to meet its obligations.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

#### Analysis of contractual cash flow maturities

##### 31 March 2021

Financial liabilities	Carrying amount £000	Contractual cash flows* £000	Less than 12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Lease liability	2,982	3,036	1,998	1,038	-	-
Trade & other payables	2,654	2,654	2,654	-	-	-
Long-term accruals	872	907	-	907	-	-

\* Contractual cash flows may vary from carrying amount due to the application of discounting on balances payable later than 12 months.

#### Analysis of contractual cash flow maturities

##### 31 March 2020

Financial liabilities	Carrying amount £000	Contractual cash flows £000	Less than 12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Lease liability	3,736	3,863	827	1,998	1,038	-
Trade & other payables	1,595	1,595	1,595	-	-	-
Long-term accruals	682	723	-	-	723	-

#### Capital risk management

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

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 19 Financial instruments (continued)

#### 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.

### 20 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:

<b>31 March 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<i>Financial assets</i>			
Contract receivables	21,449	-	-
<b>Total assets</b>	<b>21,449</b>	<b>-</b>	<b>-</b>
<i>Financial Liabilities</i>			
Contract liability	21,627	-	-
<b>Total liabilities</b>	<b>21,627</b>	<b>-</b>	<b>-</b>
<b>31 March 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<i>Financial assets</i>			
Contract receivables	14,590	-	-
<b>Total Assets</b>	<b>14,590</b>	<b>-</b>	<b>-</b>
<i>Financial Liabilities</i>			
Contract liability	14,620	-	-
<b>Total liabilities</b>	<b>14,620</b>	<b>-</b>	<b>-</b>

There were no transfers between Level 1 and Level 2 in 2020 or 2021.

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 20 Fair value measurement (continued)

#### 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.

### 21 Capital commitments

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

	<b>2021</b>	2020
	<b>£000</b>	£000
Contracted	<b>310</b>	133

### 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 SMBC with Funding in respect of works undertaken for £639,798 (2020: £639,798). This is subject to a number of conditions set out in a funding letter to SMBC. There will be a signed detailed funding agreement.

The Company has an indemnity letter in place in favour of the CGFP and CGF in the event the Games is cancelled due to a pandemic. The indemnity of £79m is in respect of sponsorship, broadcast rights and merchandising income which may be refundable in the event of cancellation due to a pandemic.

The Group has an indemnity in place with CGFP of £6.5m (forecasted) recognising its obligations for technology costs should the Games be cancelled.

Recognised in contract assets and liabilities balance is £400,000 in relation to an element of the Company's Sustainability contract. The element has the potential to rise to £1 million once works have been finalised in the second half of 2021.

The Company has signed a number of contracts during 2020/21 which represent financial commitments to support the delivery of the games. The value outstanding at year-end is £16.8m.

### 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 £675,820 (2020: £211,904). There were £Nil (2020: £Nil) of outstanding contributions at the end of the financial year.

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 24 Analysis of changes in net debt

	At 1 Apr 2020 £000	Cash flow £000	Other non cash changes £000	Exchange movement £000	At 31 March 2021 £000
Cash at bank and in hand	3,140	(984)	-	-	2,156
Leases	(3,736)	827	(73)	-	(2,982)
Net debt	(596)	(157)	(73)	-	(826)

### 25 Post balance sheet events

There were no adjusting or non-adjusting post balance sheet events after the balance sheet date of 31 March 2021.

### 26 Related party transactions

Councillor Ian Ward (Non-executive Director) is Leader of BCC. During the financial period, the Company received Grant funding of £844,692 (2020: £4,131,608) from BCC and a receivable in relation to the BCC Contribution of the countdown clock of £64,035 (2020: £62,246). During the financial year, there was expenditure paid to BCC for £337,791 (2020: £510,809) mainly in relation to IT Services. In addition, there is an Asset Under Construction balance outstanding of £83,508 (2020: £Nil) for the IT fit-out of our office at One Brindley Place and current accruals of £440 (2020: £282,442) mainly relating to IT Services. There is a receivable balance of £30,102 (2020: £Nil) for the Director of Legacy.

Councillor Ian Ward (Non-executive Director) is a constituent member of the WMCA. During the financial year, the Company paid £1,519,109 (2020: £1,299,158) to WMCA for work undertaken by Transport for West Midlands. An additional £395,878 (2020: £46,168) remains as an accrual at the year end. There is a receivable balance of £30,102 (2020: £Nil) for the Director of Legacy.

Councillor Ian Ward (Non-executive Director) is a board member of the WMGC. During the financial year, the Company paid £57,191 (2020: £25,514) to WMGC. An additional £Nil (2020: £3,318) remains within accruals at the year end.

Ian Metcalfe (Non-executive Director) is Chair of the Board for the Commonwealth Games England. Simon Ball (Non-executive Director) is Non-executive Director of Commonwealth Games England. During the financial year, there was expenditure paid to Commonwealth Games England of £5,318 (2020: £6,598). Dame Louise Martin (Non-executive Director) is President of the Commonwealth Games Federation (CGF). During the period, the Company paid £3,000,000 (2020: £4,000,000) to the CGF for the contractual Host City Fees and Joint Marketing Fees due to CGF and other Commonwealth Games Associations. Sandra Osborne (Non-executive Director) who is a retired Attorney-at-Law is a legal advisor for the Commonwealth Games Federation. Ian Metcalfe (Non-executive Director) is 'Host Association/City Board Representative' for the Commonwealth Games Federation. During the financial year there was expenditure paid to the Commonwealth Games Federation of £2,750,000 (2020: £500,000) relating to the Sport's Development Grant.

## Notes to the Company Financial Statements for the year ended 31 March 2021 (continued)

### 26 Related party transactions (continued)

Additionally, CGF holds a 60% stake in CGF Partnerships Limited (CGFP). During the financial period there were costs of £3,561,883 (2020: £2,512,126) paid to CGFP mainly in relation to embedded resources. Additionally, Value in Kind income of £1,326,589 (2020: £146,277) were recognised in the year in relation to Value in Kind contracts of which £252,479 remains in accrued revenue at the year end. Additionally, there are current accruals of £128,339 (2020: £30,755) and contract liabilities of £21,627,379 (2020: £14,621,127) relating to Value in Kind contracts. There is a long-term accrual of £906,686 (2020: £722,692) in relation to IT Services. The Company has two indemnities in place with CGFP which are disclosed in note 22.

John Crabtree (Non-executive Director) is a member of the Theatre Trust of Birmingham Hippodrome. During the financial year, there was expenditure paid to Birmingham Hippodrome of £21,250 (2020: £39).

Hiren Dhimar (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 £36,670,000 (2020: £8,350,550) from DCMS and other income of £245,000 (2020: £18,000). There was a total expenditure of £300 (2020: £181,185) during the financial year. There is a receivable balance of £30,102 (2020: £Nil) for the Director of Legacy. In addition, a further £149,000 (2020: £Nil) receivable balance in relation to the Company's Cultural programme and Legacy programme.

Diana Crabtree who is the wife of John Crabtree (Non-executive Director), is the Country President of St John's Ambulance. During the financial year, there was expenditure paid to St John's Ambulance of £805 (2020: £Nil).

In relation to the Company's subsidiary, Festival 2022 Limited, there were recharges of £1,627,234 (2020: £Nil) during the year related to supplier invoices paid on behalf Festival 2022 Limited during its set-up period and other recharges such as payroll as well as a debtor balance of £932.

### 27 Controlling Party

The Company is a Non-Departmental Public Body of DCMS. This relationship is managed through a Management Agreement between the Company and DCMS. The Secretary of State remains as a person with significant control.

# **Group Financial Statements**

**Consolidated Statement of Comprehensive Income**  
*for the year ended 31 March 2021*

	<i>Note</i>	<b>2021</b>	2020
		<b>£000</b>	£000
<b>Income</b>			
Grant Income	29	<b>45,100</b>	15,723
Income	30	<b>2,086</b>	422
<b>Total Income</b>		<b>47,186</b>	16,145
Administrative expenses	31	<b>(47,075)</b>	(16,045)
<b>Operating profit</b>	32	<b>111</b>	100
Financial expenses	36	<b>(111)</b>	(100)
<b>Result before taxation</b>		-	-
Taxation	37	-	-
<b>Result for the financial year</b>		-	-
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of other equipment		-	155
<b>Other comprehensive income for the financial year</b>		-	155
<b>Total comprehensive income for the financial year</b>		-	155

The notes on pages 89 to 104 form part of these Financial Statements.

## Consolidated Statement of Financial Position

As at 31 March 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
<b>Non-current assets</b>					
Property, plant and equipment	38		1,010		469
Right-of-use asset – office building	39		1,701		2,673
Long term trade and other receivables	40		16,513		13,574
<b>Total non-current assets</b>			<b>19,224</b>		<b>16,716</b>
<b>Current assets</b>					
Trade and other receivables	41	10,312		2,096	
Cash and cash equivalents	50	3,723		3,140	
<b>Total current assets</b>			<b>14,035</b>		<b>5,236</b>
<b>Current liabilities</b>					
Trade and other payables	42	(10,573)		(3,383)	
Provisions	44	(15)		-	
Lease liability	39	(1,973)		(812)	
<b>Total current liabilities</b>			<b>(12,561)</b>		<b>(4,195)</b>
<b>Net current assets</b>			<b>1,474</b>		<b>1,041</b>
<b>Non-current liabilities</b>					
Trade and other payables	43	(18,058)		(14,388)	
Provisions	44	(1,476)		(290)	
Lease liability	39	(1,009)		(2,924)	
<b>Total non-current liabilities</b>			<b>(20,543)</b>		<b>(17,602)</b>
<b>Net assets</b>			<b>155</b>		<b>155</b>
<b>Equity</b>					
Profit and loss reserve			69		5
Revaluation surplus reserve			86		150
<b>Total equity</b>			<b>155</b>		<b>155</b>

The notes on pages 89 to 104 form part of these Financial Statements.

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

John Crabtree OBE  
Chair on behalf of the Board  
7 July 2021

Ian Reid  
Chief Executive Officer and Accounting Officer  
7 July 2021

Company registered number: 11120160

## Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

	Profit and loss reserve £000	Revaluation surplus reserve £000	Total equity £000
<b>As at 31 March 2019</b>	-	-	-
Result for the year	-	-	-
<i>Other comprehensive income:</i>			
Revaluation of fixed assets	-	155	155
Transfers during the year	5	(5)	-
<b>As at 31 March 2020 and 1 April 2020</b>	5	150	155
Result for the year	-	-	-
Transfers during the year	64	(64)	-
<b>Balance at 31 March 2021</b>	<b>69</b>	<b>86</b>	<b>155</b>

The notes on pages 89 to 104 form part of these Financial Statements.

## Consolidated Statement of Cash Flows for the year ended 31 March 2021

	<i>Note</i>	<b>2021</b> £000	2020 £000
<b>Cash flows from operating activities</b>			
Result for the year		-	-
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	38,39	<b>1,307</b>	1,034
Loss on disposal of property, plant and equipment	38	<b>2</b>	-
Financial expenses	36	<b>111</b>	100
Value in Kind non-cash income		<b>(1,327)</b>	(277)
Value in Kind non-cash expenditure		<b>1,475</b>	308
Provisions		<b>1,183</b>	278
Operating cash flows before movements in working capital		<b>2,751</b>	1,443
Increase/(decrease) in trade and other receivables *	41	<b>(4,296)</b>	3,318
Increase/(decrease) in trade and other payables *	42	<b>3,662</b>	(3,241)
Increase in long term trade and other payables*	43	<b>171</b>	190
Cash generated by operations		<b>2,288</b>	1,710
Tax paid		-	-
<b>Net cash inflow from operating activities</b>		<b>2,288</b>	1,710
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	38	<b>(878)</b>	(319)
<b>Net cash outflow from investing activities</b>		<b>(878)</b>	(319)
<b>Cash flows from financing activities</b>			
Lease payments	39	<b>(827)</b>	-
<b>Net cash from financing activities</b>		<b>(827)</b>	-
<b>Net increase in cash and cash equivalents</b>		<b>583</b>	1,391
Cash and cash equivalents at start of financial year	50	<b>3,140</b>	1,749
<b>Cash and cash equivalents at 31 March 2021</b>	50	<b>3,723</b>	3,140

\* - 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 89 to 104 form part of these Financial Statements.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

*(forming part of the financial statements)*

### 28 Accounting policies

In addition to the accounting policies disclosed on pages 65 to 68, the Group also applies the following accounting policies consistently:

#### 28.1 Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 March.

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Company has one subsidiary – Festival 2022 Limited which reports the same year-end. Intra-group balances are eliminated in preparing the consolidated financial statements. Festival 2022 Limited's accounts have been prepared over a short period due to the subsidiary being incorporated on 1 May 2020. As such, the comparative figures only include the results and balances of the Company.

#### 28.2 Festival 2022 critical accounting estimates and judgements

Festival 2022 has recognised commissioning expenditure related to long term contracts from the Festival commissions based on best estimates of the costs of contracted deliverables.

### 29 Grant Income

An analysis of funding per body is given below:

	2021 £000	2020 £000
Department for Digital, Culture, Media and Sport – Grant-in-aid	36,864	11,592
Grant Income	7,402	-
Birmingham City Council	834	4,131
	<b>45,100</b>	<b>15,723</b>

Grant-in-aid received from The Department of Digital, Culture, Media and Sport (“DCMS”) during the period was £36,670,000 (2020: £8,530,550). Included in the £33,864,000 is the release of grant deferred from the prior period of £812,822 less the current year deferral of £618,992 at the year end. Included within Grant-in-aid is £Nil (2020: £415,000) of development funding which was awarded to the Group by DCMS a Memorandum of Understanding to develop, in collaboration with the devolved administrators, plans for the curation, management and promotion of Festival 2022.

During the period, the Festival 2022 Limited received £8,447,515 from DCMS, £7,401,607 was recognised as income in the period with the remaining deferred at year-end.

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 annual Grant Income the Group receives. Festival is fully funded by Grant income from DCMS.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 30 Income

An analysis of Income is given below:

	2021 £000	2020 £000
Commercial Income – Value in Kind	1,327	277
Cultural Programme Income	270	-
Legacy Programme Income	120	-
West Midlands Police Income	235	-
Other Income	134	145
	<b>2,086</b>	<b>422</b>

### 31 Administration expenses

An analysis of the Group's consolidated administration expenditure is given below:

	2021 £000	2020 £000
Payroll costs	10,868	3,152
Host city fee	3,000	4,000
Secondees	3,700	1,939
Outsourced services and labour	718	4
Host Broadcast services	4,133	-
Festival Creative Commissioning Costs	5,284	-
Sports development grant	2,750	500
Marketing and advertising	3,872	1,466
Operations costs	3,975	1,061
Depreciation	1,307	1,034
Other administration expenses	985	335
Retention costs	281	-
Office management costs	569	667
Dilapidations	715	221
Information technology costs	1,452	528
Professional services	1,109	401
Recruitment costs	1,337	387
Contractors and consultants	847	229
Rates	173	121
	<b>47,075</b>	<b>16,045</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

An analysis of Festival 2022's single entity administration expenses is given below:

	<b>11-month period ended 31 March 2021 £000</b>
Creative Commissioning Costs	<b>5,284</b>
Payroll costs	<b>660</b>
Staff recharges from parent company	<b>343</b>
Professional Services	<b>249</b>
Information Technology Costs	<b>225</b>
Operations Costs	<b>211</b>
Marketing and Advertising	<b>178</b>
Recruitment Costs	<b>74</b>
Rent and Rates	<b>63</b>
Secondees	<b>58</b>
Other Admin Expenses	<b>57</b>
	<b>7,402</b>

Creative commissioning costs consist of £3.6m of payments made to the 30 teams that took part in the R&D programme to develop ideas for commissions for the Festival and initial funding of £1.5m to the ten selected projects and costs incurred to run the selection process £0.2m.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 32 Operating profit

	2021 £000	2020 £000
<i>Included in operating profit are the following expenses:</i>		
Depreciation of other equipment	115	10
Depreciation of IT equipment	125	28
Depreciation of fixtures and fittings	95	6
Depreciation of right-of-use asset – office buildings	972	990
<i>Amounts receivable by auditor and their associates in respect of:</i>		
Audit of these financial statements	96	47

Finance expenses and cash outflows relating to leases have been disclosed in note 39.

### 33 Remuneration of directors

	2021 £000	2020 £000
Directors' emoluments (including benefits in kind)	8	-

From 31 March 2019, the one remunerated Director has chosen to waive his payment. Additional information on remuneration is included within the Remuneration Report.

### 34 Average number of employees

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

	2021 Number of employees	2020 Number of employees
Administration and management *	98	38
Operation *	86	7
	184	45

\*The Group continues to increase its workforce as it gets nearer to the Games time. Staff numbers as at 31 March 2021 are as follows:

	Number of Employees March 2021	Number of Employees March 2020
Administration and management	158	63
Operations	176	17
	334	80

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 35 Average number of employees (continued)

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

	<b>2021</b>	2020
	<b>£000</b>	£000
Wages and salaries	<b>9,108</b>	2,628
Social security costs	<b>1,044</b>	312
Other pension costs (note 49)	<b>716</b>	212
	<b>10,868</b>	3,152

In addition to the wages and salaries there were a number of staff seconded into the organisation. The majority of these staff were from CGF Partnerships Limited in accordance with the Host City Contract. During the year the costs were £3,700k (2020: £1,939k).

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

	<b>2021</b>	2020
	<b>Number of</b>	Number of
	<b>Employees</b>	Employees
Contractors	<b>4</b>	1
Secondees	<b>33</b>	16
	<b>37</b>	17

### 36 Finance Costs

	<b>2021</b>	2020
	<b>£000</b>	£000
Unwinding of discount on long term accruals	<b>20</b>	14
Interest on lease liability	<b>73</b>	73
Unwinding of long-term provisions	<b>18</b>	13
	<b>111</b>	100

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 37 Taxation

#### (a) Analysis of taxation in period recognised in the Statement of Comprehensive Income

	2021 £000	2020 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	7
<b>Total current taxation</b>	<b>-</b>	<b>7</b>
<i>Total deferred tax</i>		
Origination and reversal of timing differences	-	(7)
Effect of changes in tax rates	-	-
<b>Total deferred taxation</b>	<b>-</b>	<b>(7)</b>
<b>Total taxation</b>	<b>-</b>	<b>-</b>

No liability to UK corporation tax arose for the year ended 31 March 2021 as the Group 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:

	2021 £000	2020 £000
Profit before taxation	-	-
Taxation calculated at UK standard rate of corporation tax of 19%	-	-
<b>Total taxation</b>	<b>-</b>	<b>-</b>

#### (c) Factors affecting future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had not been substantively enacted by 31 March 2021 and therefore no adjustment has been made to deferred taxation balances to account for this change. However, given that there are no deferred tax balances in the current year, even if the rate change had been substantively enacted by 31 March 2021, the overall effect would have been Nil.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 38 Property, plant and equipment

	IT Equipment £000	Fixtures and Fittings £000	Other equipment £000	Total £000
<b>Cost/revaluation</b>				
As 1 April 2019	45	-	-	45
Additions	85	108	126	319
Revaluation	-	-	155	155
As 31 March 2020 and 1 April 2020	130	108	281	519
Additions	285	593	-	878
Disposals	(2)	-	-	(2)
<b>At 31 March 2021</b>	<b>413</b>	<b>701</b>	<b>281</b>	<b>1,395</b>
<b>Depreciation</b>				
As 1 April 2019	6	-	-	6
Charge for the year	28	6	5	39
Revaluation	-	-	5	5
As 31 March 2020 and 1 April 2020	34	6	10	50
Charge for the year	125	95	115	335
<b>At 31 March 2021</b>	<b>159</b>	<b>101</b>	<b>125</b>	<b>385</b>
<b>Net book value</b>				
At 31 March 2020	96	102	271	469
<b>At 31 March 2021</b>	<b>254</b>	<b>600</b>	<b>156</b>	<b>1,010</b>

Included within Fixtures and Fitting is £331k of Assets under Construction (2020: £77k) relating to the works at One Brindley Place. These assets have not been subject to depreciation.

There was no revaluation of other equipment during the year as there is not considered to be an active market for the asset (2020: £155k).

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 39 Lease obligations

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

	<b>Total £000</b>
<b>Cost</b>	
As 31 March 2019	-
Transition to IFRS16	3,663
<b>At 01 April 2019, 31 March 2020 and 31 March 2021</b>	<b>3,663</b>
<b>Depreciation</b>	
As 1 April 2019	-
Charge for the year	990
As 31 March 2020	990
Charge for the year	972
<b>At 31 March 2021</b>	<b>1,962</b>
<b>Net book value</b>	
At 31 March 2020	2,673
<b>At 31 March 2021</b>	<b>1,701</b>

The Group'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.

	<b>2021 £000</b>	2020 £000
Current (due within 1 year)	<b>1,973</b>	812
Non-current (due over 1 year)	<b>1,009</b>	2,924
	<b>2,982</b>	3,736

The following table presents the contractual undiscounted cash flows for these lease obligations as at 31 March 2021:

	<b>2021 £000</b>	2020 £000
Current (due within 1 year)	<b>1,998</b>	827
Non-current (due over 1 year)	<b>1,038</b>	3,036
	<b>3,036</b>	3,863

Interest expense on lease obligations for the year ended 31 March 2021 was £73k (2020: £73k). Total cash outflow for leases was £827k (2020: £Nil) in the period as the Group's rent free period has ended.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 40 Trade and other receivables falling due over one year

	<b>2021</b>	2020
	<b>£000</b>	£000
Contract Receivables	<b>16,513</b>	13,574
	<b>16,513</b>	13,574

The contract receivable relates to eight (2020: three) signed contracts, which relate to Legal Services, Recruitment, Timing, Scoring and Results, Telecommunications, Venues and Sustainability. The total value of the contracts receivable is £21,449,225 (2020: £14,897,928) with the balance shown as due within one year in note 15. Income will be recognised on the contracts based on the Group's utilisation of the services as they are deemed required in the business. During the year, £1,327,000 (2020: £277,000) was recognised as income. Income is recognised when the Group receives the Value in Kind goods and services. The Group expects to receive the revenue during the course of 2021 and 2022 till the end of the Games.

### 41 Trade and other receivables falling due within one year

	<b>2021</b>	2020
	<b>£000</b>	£000
Accounts receivable	<b>246</b>	176
VAT receivable	<b>2,151</b>	411
Prepayments	<b>2,466</b>	116
Other debtors	<b>25</b>	28
Accrued revenue	<b>488</b>	349
Contract receivables	<b>4,936</b>	1,016
	<b>10,312</b>	2,096

The contract receivables relates to 8 signed contracts, which relate to Legal Services, Recruitment, Timing, Scoring and Results, Telecommunications, Venues and Sustainability. The increase in prepayments relates to procurements with contractual terms meaning payment is due before services have been provided and also deposits in relation to Games Time specific items for the Organising Committee.

### 42 Trade and other payables falling due within one year

	<b>2021</b>	2020
	<b>£000</b>	£000
Trade payables	<b>606</b>	186
Deferred income	<b>3,208</b>	874
Other payables	<b>1</b>	6
Accrued expenses	<b>2,316</b>	1,403
Contract liability	<b>4,442</b>	914
	<b>10,573</b>	3,383

Contract liabilities relate to signed contracts the Group 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 to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 43 Trade and other payables falling due over one year

	2021 £000	2020 £000
Accrued expenses	873	682
Contract liability	17,185	13,706
	<b>18,058</b>	<b>14,388</b>

Contract liabilities relate to signed contracts the Group has in place for Value in Kind services to be settled at a future date. Increase in contract liability balance relates to the increase in contract receivable balance for Value in Kind contracts. The increase in the liability is due to five Value in Kind contracts being signed during the year.

### 44 Provisions

	Leasehold Dilapidations £000	HR £000	Other £000	Total £000
As 1 April 2019	-	-	-	-
Charged to the P+L	220	57	-	277
Unwinding of discount	13	-	-	13
<b>At 31 March 2020</b>	<b>233</b>	<b>57</b>	<b>-</b>	<b>290</b>
<b>Due within one year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Due over one year</b>	<b>233</b>	<b>57</b>	<b>-</b>	<b>290</b>

	Leasehold Dilapidations £000	HR £000	Other £000	Total £000
As 1 April 2020	233	57	-	290
Charged to the P+L	715	453	15	1,183
Unwinding of discount	18	-	-	18
<b>At 31 March 2021</b>	<b>966</b>	<b>510</b>	<b>15</b>	<b>1,491</b>
<b>Due within one year</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>15</b>
<b>Due over one year</b>	<b>966</b>	<b>510</b>	<b>-</b>	<b>1,476</b>

Dilapidations are based on best estimate based on current usage of the building, there is a £1 million maximum cap in the lease which has been fully recognised during the year using a discount rate of 1.99%. The full provision will be utilised in the final year of the lease agreement being 2022. No provisions have been utilised in the year.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

On the 28 October 2020, the Company announced its Enhanced Severance Payment (HR in the above table) for all eligible employees which has been approved by HMT. Also included is the Executive Management remuneration scheme, both which are payable in future years.

### 45 Financial instruments

#### *Carrying amount of financial instruments*

The carrying amounts of the financial assets and liabilities include:

	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Non-current Assets</b>		
Other financial assets measured at amortised cost:		
Contract receivables	<b>16,513</b>	13,574
	<b>16,513</b>	13,574
<b>Current Assets</b>		
Other financial assets measured at amortised cost:		
Trade and other receivables	<b>759</b>	204
Cash and cash equivalents	<b>3,723</b>	3,140
Contract receivables	<b>4,936</b>	1,016
	<b>9,418</b>	4,360
<b>Non-current liabilities</b>		
Other financial assets measured at amortised cost:		
Contract liabilities	<b>(17,185)</b>	(13,706)
Lease liability	<b>(1,009)</b>	(2,924)
Long term accruals	<b>(872)</b>	(682)
	<b>(19,066)</b>	(17,312)
<b>Current liabilities</b>		
Other financial liabilities measured at amortised cost:		
Trade and other payables	<b>(2,924)</b>	(192)
Contract liabilities	<b>(4,442)</b>	(914)
Lease liability	<b>(1,973)</b>	(812)
	<b>(9,339)</b>	(1,918)

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 45 Financial instruments

#### Liquidity risk

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

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

#### Analysis of contractual cash flow maturities

##### 31 March 2021

Financial liabilities	Carrying amount £000	Contractual cash flows* £000	Less than 12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Lease liability	2,982	3,036	1,998	1,038	-	-
Trade & other payables	2,924	2,924	2,924	-	-	-
Long-term accruals	873	907	-	907	-	-

\* Contractual cash flows may vary from carrying amount due to the application of discounting on balances payable later than 12 months.

#### Analysis of contractual cash flow maturities

##### 31 March 2020

Financial liabilities	Carrying amount £000	Contractual cash flows £000	Less than 12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Lease liability	3,736	3,863	827	1,998	1,038	-
Trade & other payables	1,595	1,595	1,595	-	-	-
Long-term accruals	682	723	-	-	723	-

#### Capital risk management

The Group has no external borrowings or loans. All current cash requirements are funded through Grant-in-aid and Birmingham City Council Funding.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 45 Financial instruments (continued)

#### Interest rate risk

Interest Rate risk is considered to be low as the Group 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 Group does not currently hold any foreign currency assets or liabilities.

### 46 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:

<b>31 March 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<i>Financial assets</i>			
Contract receivables	21,449	-	-
<b>Total assets</b>	<b>21,449</b>	<b>-</b>	<b>-</b>
<i>Financial Liabilities</i>			
Contract liability	21,627	-	-
<b>Total liabilities</b>	<b>21,627</b>	<b>-</b>	<b>-</b>
<b>31 March 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<i>Financial assets</i>			
Contract receivables	14,590	-	-
<b>Total Assets</b>	<b>14,590</b>	<b>-</b>	<b>-</b>
<i>Financial Liabilities</i>			
Contract liability	14,620	-	-
<b>Total liabilities</b>	<b>14,620</b>	<b>-</b>	<b>-</b>

There were no transfers between Level 1 and Level 2 in 2020 or 2021.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 46 Fair value measurement (continued)

#### 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.

### 47 Capital commitments

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

	2021 £000	2020 £000
Contracted	310	133

### 48 Contingencies and commitments

The Group 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 Group has a guarantee in place with SMBC with Funding in respect of works undertaken for £639,798 (2020: £639,798). This is subject to a number of conditions set out in a funding letter to SMBC. There will be a signed detailed funding agreement.

The Company has an indemnity letter in place in favour of the CGFP and CGF in the event the Games is cancelled due to a pandemic. The indemnity of £79m is in respect of sponsorship, broadcast rights and merchandising income which may be refundable in the event of cancellation due to a pandemic.

The Group has an indemnity in place with CGFP of £6.5m (forecasted) recognising its obligations for technology costs should the Games be cancelled.

Recognised in contract assets and liabilities balance is £400,000 in relation to an element of the Company's Sustainability contract. The element has the potential to rise to £1 million once works have been finalised in the second half of 2021.

Festival 2022 Limited has financial commitments of £1,232,738 (excluding VAT) are contracted with the project teams commissioned for the Festival at 31 March 2021.

The Company has signed a number of contracts during 2020/21 which represent financial commitments to support the delivery of the games. The value outstanding at year-end is £16.8m.

### 49 Pension schemes

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £716,584 (2020: £211,904). There were £Nil (2020: £Nil) of outstanding contributions at the end of the financial year.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 50 Analysis of changes in net debt

	At 1 Apr 2020 £000	Cash flow £000	Other non cash changes £000	Exchange movement £000	At 31 March 2021 £000
Cash at bank and in hand	3,140	583	-	-	3,723
Leases	(3,736)	827	(73)	-	(2,982)
Net debt	(596)	1,410	(73)	-	741

### 51 Post balance sheet events

There were no adjusting or non-adjusting post balance sheet events after the balance sheet date of 31 March 2021.

Following the approval of Festival 2022 Limited's 2020/21 Report and Financial Statements on 6 July 2021, there have been no post balance sheet events to report.

### 52 Related party transactions

Councillor Ian Ward (Non-executive Director) is Leader of BCC. During the financial period, the Company received Grant funding of £844,692 (2020: £4,131,608) from BCC and a receivable in relation to the BCC Contribution of the countdown clock of £64,035 (2020: £62,246). During the financial year, there was expenditure paid to BCC for £337,791 (2020: £510,809) mainly in relation to IT Services. In addition, there is an Asset Under Construction balance outstanding of £83,508 (2020: £Nil) for the IT fit-out of our office at One Brindley Place and current accruals of £440 (2020: £282,442) mainly relating to IT Services. There is a receivable balance of £30,102 (2020: £Nil) for the Director of Legacy.

Councillor Ian Ward (Non-executive Director) is a constituent member of the WMCA. During the financial year, the Company paid £1,519,109 (2020: £1,299,158) to WMCA for work undertaken by Transport for West Midlands. An additional £395,878 (2020: £46,168) remains as an accrual at the year end. There is a receivable balance of £30,102 (2020: £Nil) for the Director of Legacy.

Councillor Ian Ward (Non-executive Director) is a board member of the WMGC. During the financial year, the Company paid £57,191 (2020: £25,514) to WMGC. An additional £Nil (2020: £3,318) remains within accruals at the year end.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (continued)

### 52 Related party transactions (continued)

Ian Metcalfe (Non-executive Director) is Chair of the Board for the Commonwealth Games England. Simon Ball (Non-executive Director) is Non-executive Director of Commonwealth Games England. During the financial year, there was expenditure paid to Commonwealth Games England of £5,318 (2020: £6,598). Dame Louise Martin (Non-executive Director) is President of the Commonwealth Games Federation (CGF). During the period, the Company paid £3,000,000 (2020: £4,000,000) to the CGF for the contractual Host City Fees and Joint Marketing Fees due to CGF and other Commonwealth Games Associations. Sandra Osborne (Non-executive Director) who is a retired Attorney-at-Law is a legal advisor for the Commonwealth Games Federation. Ian Metcalfe (Non-executive Director) is 'Host Association/City Board Representative' for the Commonwealth Games Federation. During the financial year there was expenditure paid to the Commonwealth Games Federation of £2,750,000 (2020: £500,000) relating to the Sport's Development Grant.

Additionally, CGF holds a 60% stake in CGF Partnerships Limited (CGFP). During the financial period there were costs of £3,561,883 (2020: £2,512,126) paid to CGFP mainly in relation to embedded resources. Additionally, Value in Kind income of £1,326,589 (2020: £146,277) were recognised in the year in relation to Value in Kind contracts of which £252,479 remains in accrued revenue at the year end. Additionally, there are current accruals of £128,339 (2020: £30,755) and contract liabilities of £21,627,379 (2020: £14,621,127) relating to Value in Kind contracts. There is a long-term accrual of £906,686 (2020: £722,692) in relation to IT Services. The Company has two indemnities in place with CGFP with are disclosed in note 48.

John Crabtree (Non-executive Director) is a member of the Theatre Trust of Birmingham Hippodrome. During the financial year, there was expenditure paid to Birmingham Hippodrome of £21,250 (2020: £39).

Hiren Dhimar (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 £36,670,000 (2020: £8,350,550) from DCMS and other income of £245,000 (2020: £18,000). There was a total expenditure of £300 (2020: £181,185) during the financial year. There is a receivable balance of £30,102 (2020: £Nil) for the Director of Legacy. In addition, a further £149,000 (2020: £Nil) receivable balance in relation to the Company's Cultural programme and Legacy programme. The Secretary of State remains as a person with significant control. During the period, the Festival 2022 Limited received £8,447,515 from DCMS. £7,401,607 was recognised as income in the period.

Diana Crabtree who is the wife of John Crabtree (Non-executive Director), is the Country President of St John's Ambulance. During the financial year, there was expenditure paid to St John's Ambulance of £805 (2020: £Nil).

In relation to the Company's subsidiary, Festival 2022 Limited, there were recharges of £1,627,234 (2020: £Nil) during the year related to supplier invoices paid on behalf Festival 2022 Limited during its set-up period and other recharges such as payroll as well as a debtor balance of £932.





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