

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

**Report and Financial Statements for the  
sixteen month period ended 31 March  
2019**

HC 2610



(a)

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

Report and Financial Statements for the sixteen  
month period ended 31 March 2019

Presented to Parliament by Command of Her  
Majesty

Ordered by the House of Commons to be printed  
on 9 September 2019

Registered number 11120160

HC 2610



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ISBN 978-1-5286-1566-2

CCS CCS0819781014

09/19

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

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## Officers and Professional Advisors

Chair: John Crabtree OBE

Chief Executive Officer: Ian Reid

Directors: Derrick Anderson CBE  
Simon Ball  
Jonathan Browning  
David Grevenberg CBE  
Lyndsey Jackson  
Helen Judge  
Dame Louise Martin DBE  
Ian Metcalfe  
Dame Julie Moore DBE  
Zahara Hyde Peters OBE  
Eleanor Simmonds OBE  
Nicholas Timothy  
Councillor Ian Ward

Company Secretary: Caroline McGrory (appointed 14 May 2019)

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  
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280 Bishopsgate  
London  
EC2M 4RB

Registered Office: One Brindleyplace  
Birmingham  
B1 2JB

Registered Number: 11120160

## Chair and Chief Executive's Foreword

We are pleased to introduce you to the first Report and Financial Statements for the Birmingham Organising Committee for the 2022 Commonwealth Games Limited ("Company").

The Birmingham 2022 Commonwealth Games is a once-in-a-lifetime opportunity to put the city, the region and its people on the global stage. It is our responsibility to deliver not just a memorable and successful Games – one that brings together people from across Birmingham, the region and the Commonwealth - but also an event that is on time and on budget.

The Company was established in December 2017 as an executive non-departmental public body, sponsored by the Department for Digital, Culture, Media and Sport ("DCMS"). Since then, we have had two key areas of focus: setting up the internal structure of the business and working with our funding partners, DCMS and Birmingham City Council ("BCC") to finalise the budget for the Games; and recruiting the Executive Management Team responsible for leading delivery of the Games.

Following detailed submissions to the UK Government's Major Projects Review Group, the final Games budget of £778 million was announced on 25 June 2019. From this, the Company has a budget allocation as does BCC and the Chief Constable of West Midlands.

We have also established our governance structures, policies and procedures and developed a road-map and master schedule with associated risks and issues management processes - all crucial work that has now been completed.

All our Board positions were filled by January 2019 and the contribution of its members has been extremely valuable. We look forward to further utilising their knowledge and expertise over the coming months.

We have also recruited our executive management team, a group of executive officers that are experts in the functional areas that they lead. In fact, we now have more than 40 employees, an excellent team of people, some of whom have a huge amount of experience of working on previous editions of the Games and other major sports events, whilst others are local people, keen to be part of what will be the city and region's biggest ever sporting and cultural celebration.

A Games Partnership has been established and is working closely and collaboratively on all aspects of planning and delivery. This vitally important partnership will continue over the next three years, with the common purpose of delivering the best possible Games for the city and the region.

The Birmingham 2022 Commonwealth Games is already proving to be a catalyst for transformation across the West Midlands, attracting new investment and funding, creating jobs and apprenticeships for local people and new opportunities for local businesses, as well as accelerating projects that will ensure the region is ready to host a fantastic global celebration of sports and culture in the summer of 2022.

We, and the team that we lead, are determined to ensure that the Birmingham 2022 Commonwealth Games is the Games for everyone, an event we'll all be proud to be part of and one which the city, region and country will be truly proud to host.

John Crabtree OBE (Chair)

Ian Reid (CEO)

## Strategic Report

The Directors are pleased to present their strategic report for the sixteen month period which ended on 31 March 2019.

### Principal activities

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

### Games Partners

The delivery of the Games will require that the Company works effectively with several partners.

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

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

### Strategy and Objectives

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

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

Birmingham 2022 will be an inclusive Games that embraces and champions the youth, diversity, humanity and pride of Birmingham and the West Midlands, a region that is home to 187 nationalities. This will truly be a home Games for England, every other Commonwealth nation and a world-class international celebration of sport and culture that will leave a lasting legacy.

### Business review

Since the Company was established, we have achieved a number of key milestones. Our Board was finalised in January 2019 and now meets every two months. The Audit and Risk Assurance Committee has also been established and meets quarterly. The Company signed a lease on its new home on 26 March 2019; in the heart of Birmingham city centre at One Brindley Place it will accommodate the growing Birmingham 2022 team.



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

Going forward, our key objectives for the coming year include:

- Government approval for the Lifetime Games Budget (Completed June 2019)
- Appointment of Executive Team (Completed May 2019)
- Appointment of key suppliers including Host Broadcaster, Legal Services and Professional Services
- Launch of the brand identity for the Games in conjunction with “3 Years to Go” event (completed July 2019)
- Commercial strategy
- Ticketing strategy
- Strategy for the Queen’s Baton Relay
- Volunteering strategy
- Strategic Transport Plan (in partnership with Transport for West Midlands)

At an operational level, our focus will be on finalising the sports programme, following the Additional Sport Review and Costing process, and then we'll move on to developing a session level competition schedule, so that the sport at the heart of these Games will really start to take shape. We'll also look at our approach to sports presentation and we'll start our detailed venue operational planning, as well as identifying our major non-competition venues that will also play a vital role in the Games.

### **Key performance indicators**

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

- Delivery of actions in line with both the integrated project plan agreed by the Games Partners and the Company’s internal project plan
- Meeting delivery obligations at a cost within the Company’s part of the Games budget
- Hiring in line with the agreed workforce plan and recruitment that is reflective of the city and the region

### **Principal risks and uncertainties**

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

By order of the Board

John Crabtree OBE  
Chair on Behalf of Board

One Brindleyplace  
Birmingham  
B1 2JB

## Directors' Report

### **Registered number 11120160**

The Directors are pleased to present their first report on the affairs of the Company, together with the remuneration report, financial statements and auditor's report for the sixteen month period ended 31 March 2019. The Governance Statement set out on pages 8 to 13 form part of this report.

The Company was incorporated on 20 December 2017 and 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 will be 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 revenue of the Company (albeit minimal commercial income is anticipated this far in advance of the Games). Government funding will be provided by the "Grant in Aid" process which effectively means money will be released to the Company as it is required in line with its commitments. This will have the impact in the profit and loss account of creating a surplus of zero in the pre Games financial period as Grant in Aid revenue is calculated to meet but not exceed the costs of the business. Consequently, the net asset position in the Company's Statement of Financial Position is expected to be zero with the line item detail reflecting normal working capital timing differences.

### **Directors**

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

The following non-executive directors held office during the year:

Nicholas Pontefract	Appointed 20 September 2017 / Resigned 1 March 2018
Andrew Field	Appointed 10 April 2018 / Resigned 6 September 2018
Paul Oldfield	Appointed 13 June 2018 / Resigned 6 September 2018
Simon Ball	Appointed 6 September 2018
Jonathan Browning*	Appointed 6 September 2018
John Crabtree OBE	Appointed 6 September 2018
David Grevemberg CBE	Appointed 6 September 2018
Zahara Hyde Peters OBE*	Appointed 6 September 2018
Helen Judge	Appointed 6 September 2018
Dame Louise Martin DBE	Appointed 6 September 2018
Ian Metcalfe	Appointed 6 September 2018
Councillor Ian Ward	Appointed 6 September 2018
Dame Julie Moore DBE	Appointed 29 November 2018
Derrick Anderson CBE	Appointed 29 November 2018
Lyndsey Jackson*	Appointed 21 January 2019
Eleanor Simmonds OBE*	Appointed 21 January 2019
Nicholas Timothy*	Appointed 21 January 2019

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

### **Financial Results**

The Company was incorporated on 20 December 2017 and this is the first report and financial statements.

During the period the Company made a surplus on operating activities and before taxation of £nil as detailed on page 23.

The most significant expenditure item during the period was £19.7 million of payments made to the CGF. These payments are defined in the Host City Contract and include elements relating to Joint Marketing Programme Arrangements with Commonwealth Games Associations as well as the Host City Fee. The other expenditure mainly relates to workforce, the cost of the brand development and technology.

As noted earlier, all of the Company's income during the sixteen month period has been received through public funding from both the Government and BCC.

### **Treasury Policy**

The Company does not hold any shares or other investments. The Company's cash policy is to draw down Grant in Aid on the basis of need, in accordance with HM Treasury guidance with "Managing Public Money".

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

The Company spent £45k on non-current assets during the year. This largely relates to information technology software and equipment.

### **Future Non-Current Asset Investment**

In 2019/20 the Company forecasts the recognition of capital assets of £4.5m. The majority of this relates to the capitalisation of the property lease under IFRS 16. Additional information on this is included within the notes to the Financial Statements.

### **Employees with a Disability**

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

### **Employee Consultation**

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

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

### **Diversity**

The Company is committed to a policy of equality of opportunity in its employment practices and continues to develop a culturally diverse workforce. 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.

### **Sustainability**

Sustainability for the Games is being carefully considered. The Company is determined to deliver a sustainable event and encourage those local communities and businesses involved in the Games to implement more sustainable practices. We have appointed experts to make recommendations that will firstly evolve into a strategy and then into behaviours which ultimately will become the sustainability measures we will deliver for the Games.

The Company has fewer than 250 full-time equivalent staff at this time and therefore is currently exempt from the requirements to prepare a full sustainability report.

### **Political and charitable contributions**

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

### **Disclosure of information to auditor**

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

### **Auditor**

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

By order of the Board

John Crabtree OBE  
Chair on behalf of Board

1 Brindleyplace  
Birmingham  
B1 2JB

## **Governance Statement**

The Company was incorporated on 20 December 2017 and continues to develop its internal governance structures to ensure that they are commensurate with the increasing level of activity and risk as the Company expands its operations. This statement sets out the governance structures, risk management and internal control procedures the Company has set up during the sixteen month period to the signing of the financial statements. This also covers future plans in place to ensure the Company is in the best place strategically to deliver the Games.

Delivering the Birmingham 2022 Commonwealth 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 taken place and it was concluded that the Company has complied with the areas applicable to an Arms Length Non-Departmental Public Body ("NDPB").

### **Accounting Officer**

The Accounting Officer of the Company is accountable to the Secretary of State for the 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 the responsibilities assigned to him in the 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 appointed as the Accounting Officer on 7 December 2018.

### **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 for the first time on 9 September 2018. The Board has to date focused on the 2019 Business plans and budget, procurement strategies, brand identity, company strategies, key policies and specific Games' approvals e.g. venue allocation approvals.

Biographies of all Board members can be found on the Company website at [www.birmingham2022.com](http://www.birmingham2022.com).

**Governance Statement (Continued)***Board attendance for sixteen month period to 31 March 2019 \*\**

<b>Board Member</b>	<b>Sep-18</b>	<b>Nov-18</b>	<b>Jan-19</b>	<b>Mar-19</b>
John Crabtree OBE	✓	✓	✓	✓
Derrick Anderson CBE (Appointed 29 Nov 18)	N/A	N/A	✓	✓
Simon Ball	✓	✓	✓	✓
Jonathan Browning	✓	✓	✓	✓
David Grevenberg CBE	✓	✓	✓	✗
Lyndsey Jackson (Appointed 21 Jan 2019)	N/A	N/A	✗	✓
Helen Judge	✓	✓	✓	✓
Dame Louise Martin DBE	✓	✗	✓	✗
Ian Metcalfe	✓	✓	✗	✓
Dame Julie Moore DBE (Appointed 29 Nov 18)	N/A	N/A	✓	✓
Zahara Hyde Peters OBE	✓	✓	✓	✗
Eleanor Simmonds OBE (Appointed 21 Jan 2019)	N/A	N/A	✓	✗
Nicholas Timothy (Appointed 21 Jan 2019)	N/A	N/A	✓	✓
Councillor Ian Ward	✓*	✗	✗	✓

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

\*\* - Nicholas Pontefract, Andrew Field and Paul Oldfield resigned prior to the first board meeting.

**Sub Committees of the Board***Audit and Risk Assurance Committee*

The Audit and Risk Assurance Committee (“ARAC”) provides independent oversight of the financial control framework; reviews and recommends the financial statements to the Board; develops the internal audit plan; monitors the implementation of internal and external audit recommendations and reviews the Organising Committee’s risk framework. Additionally, the ARAC ratify 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, and the National Audit Office (NAO) to discuss issues and assess the ARAC’s performance to ensure that it is fulfilling its objectives and remit.

In 2018-19, the ARAC provided advice and challenge to the Company on its internal controls and processes, risk appetite, financial policies and fraud management policies.

## **Governance Statement (Continued)**

The ARAC also considers external and internal audit plans and reports. The Company is in the process of appointing an internal auditor and a work programme will be developed in due course. In the period the OC engaged with DCMS Internal Audit.

### *ARAC attendance for the sixteen month period to 31 March 2019*

<b>ARAC Committee Member</b>	<b>Nov-18</b>	<b>Feb-19</b>
Simon Ball	✓	✓
Helen Judge	✓	✓
Cllr. Ian Ward	✓	✗
Nicholas Timothy (appointed 7 Feb 2019)	N/A	✗

Chantal Henderson, an independent ex-officio advisor was appointed to attend the ARAC in June 2019.

The following sub-committees of the Board will be established during 2019/20:

#### *Athletes Advisory Committee*

This committee will be set up to give the Board and Organising Committee's executive management team advice on the planning and delivery of the Games from an athlete's perspective. This will help ensure the best possible experience for all participants. There will be representatives from a variety of different sports included on the committee.

#### *Contract Approval Committee*

This Committee, which acts on behalf of the Board, and is chaired by a member of the Board, is responsible to ensure that significant procurement and other contractual activity is subject to appropriate review and approval in line with the Scheme of Delegation. In particular it will review and approve requests to enter into sponsorship contracts at each Tier Level. It will also approve the sourcing strategy for all contracts with a value greater than £1m and the award of all contracts that have a proposed value between £1m and £5m. All contract awards above £5m require Board approval.

#### *Games Benefits, Legacy and Engagement Committee*

This Committee will be responsible for setting the strategic direction of the Company's approach to Games legacy. This includes overseeing activity across ten delivery workstreams, in collaboration with Games Partners including BCC, West Midlands Combined Authority and DCMS. The delivery workstreams include; Community Cohesion and Civic Pride, Culture, Tourism, Trade and Business, Jobs and Skills, Schools and Colleges, Infrastructure, Sustainability, Accessibility and Physical Activity.

#### *Remuneration Committee*

This committee will be set up to oversee and assure the proper implementation of the OC's remuneration policy, including approval of contractual changes to senior executive employment terms, any salary exemptions, terms relating to termination of employment contract and workforce planning issues.

### **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 [www.birmingham2022.com](http://www.birmingham2022.com).

## ***Governance Statement (Continued)***

### **Information management**

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

The Company has not carried out an annual Board effectiveness evaluation in this period, as the Board was not complete until the March 2019 meeting. This evaluation will be carried out in September 2019.

### **Policies and Procedures**

During the period, the Board has established a number of policies and procedures to ensure that the internal governance of the Company is controlled and adequate for the size of the entity. This also ensures the entity is set up for the future ramp up to the Games. Additional policies and procedures will be drafted to reflect the ongoing business needs and transactions.

The key policies are as follows:

- Procurement Policy;
- Whistleblowing Policy;
- Travel and Expense Policy;
- Asset Management Policy;
- Freedom of Information Policy; and
- Workplace Behaviours Policy.

### **Risk management summary**

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

### **Strategic Risks**

In November 2018 the Games Partners agreed a set of Strategic Risks to be managed and monitored. The Organising Committee's Programme Management and Integrated Planning team ("PIP") regularly reviews the status of these risks and updates the mitigation plans.

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

- Lack of approved Games Budget (subsequently closed by Government approval of the Budget)
- Delays to Capital Projects/New Venue Build
- Public Support for the Games
- Games Security
- Effective operation and integration of Games Partners
- Games Legislation
- Cost and/or delivery challenges arising from EU Exit
- Political Change
- Benefits, Legacy and Engagement
- Athlete Attendance
- Games Transport Model



## ***Governance Statement (Continued)***

### **Risk Management Framework**

The Company has developed its Risk Management Framework (“RMF”) which was approved by the Board in November 2018. The RMF is based on International Standard ISO 31000 Risk Management Process, through this we have developed a risk management culture where employees and stakeholders are aware of the importance of monitoring and managing risk. Risk Management is focused within the departments and this is supported by PIP who provide a central co-ordinating function to manage and escalate cross departmental and partner risks. The Chief Executive Officers Group receive regular updates on the strategic and operational risks facing the Games Partners.

### **Risk Oversight**

The Company Board established a sub-committee, The ARAC, which includes the following responsibilities: to investigate organisational risks on behalf of the Board, to obtain independent professional advice where required, to liaise with external audit, to oversee the implementation of the risk control framework, to review and challenge any emerging risks mitigating actions within the control of the Company’s management team and to consider any other topics identified by the Board.

### **Information Risk**

As an evolving company, the Company has built an IT office environment and uses the working policies and practices of BCC. Largely this is because the Company was initially set up within a BCC office and was therefore able to use existing networks, IT equipment sourcing and IT support in advance of appointing its own suppliers. The Microsoft Office applications the Company are using are familiar to IT users and this is an important consideration given that over half of the OC workforce will join the OC for less than 6 months.

This provides a secure and stable platform to build upon while the Company undergoes a technology upgrade. Based on Microsoft’s Modern Workplace environment aligned to National Cyber Security Centre (“NCSC”) guidelines and the ongoing development of internal policies and best practice. The upgrade offers a number of enhancements relating to IT equipment, data management and protection as well as additional levels of security.

During the period, there have been no significant personal data related incidents that have needed to be reported to the Information Commissioner’s Office.

### **Programme Management**

Programme Management and Reporting form part of the Company’s overarching management system. A centralised reporting model is in place to ensure integration and that a broad oversight of activities is monitored. There is a monthly cycle review of milestones and schedule progress with all department. Additionally, there is a risk and issue updates from each department and functional area. The information gathered centrally within these processes is then consolidated and cascaded along with upcoming key milestones and programmes to the Board and selected integrated partner meetings.

### **Cross Partner Programme Management**

Cross partner programme management, integration and prioritisation is achieved through regular programme management meetings where relevant information and progress which impacts the Games Partners is shared within an agreed framework. Information is escalated from this group to the Chief Executive Officers’ Group and Strategic Board as appropriate.

## ***Governance Statement (Continued)***

### **Internal Audit**

During the period, the Company has utilised the services of Government Internal Audit pending the appointment of its own internal audit. The Company is in the process of appointing an Internal Auditor and a work programme will be developed in due course.

### **Fraud and error**

The Company has a zero-tolerance policy on fraud, malpractice and corruption. The Company has established a number of policies and procedures which set out the arrangements for reporting and responding to suspected fraud. The Company completed a detailed fraud risk assessment during the period. Further to this controls have been set up to ensure risk areas are appropriately responded to.

### **Major Project Review Group**

During the period the Company was subject to a review by the Major Project Review Group as noted earlier. This provided additional independent scrutiny over the Company budget.

## Remuneration Report

### Remuneration Strategy

The Company has an overall remuneration strategy and a remuneration committee is now in place.

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.

Prior to recruitment, each role is assessed in order to determine the role size and positioning, based on a set of criteria including:

- Knowledge;
- Specialist Skills;
- External Impact;
- People Skills;
- Decision Making;
- Innovation; and
- Problem Solving

The Company requires specific experience and technical expertise for certain roles. The company will hire in line with the agreed workforce plan and recruitment that is reflective of the city and the region.

In July 2019 the Company established a Remuneration Committee.

### Directors' Remuneration

Director recruitment, remuneration and employment terms and conditions were overseen by DCMS until the Management Agreement was signed. The Management Agreement between DCMS and the Company sets out the framework of accountability within which the Company. During the period John Crabtree OBE was the only Director to receive remuneration from the Company.

The Director received the following remuneration in the period:

	<b>2019■ £'000</b>
Directors' emoluments (including benefits in kind)	<b>15</b>
Company contributions to money purchase pension schemes	-
Total emoluments received in the period	<b>15</b>
Aggregate Director's travel and expense claims	-

■ - This table is audited information

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

## Remuneration Report (Continued)

### Executive Team Members

Remuneration of the CEO and any higher earners is subject to DCMS approval. The Remuneration package currently comprises of two 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.

The Executive team received the following remuneration in the period:

* Name	Job Title	Salary / Fees paid	Pension	Benefits in Kind **	Total
Ian Reid	Interim Chief Executive Officer ****	187	-	-	187
Ian Reid	Chief Executive Officer ***	30	2	1	33
Josie Stevens	Chief Marketing Officer*****	5	0	-	5
<b>Total</b>		<b>222</b>	<b>2</b>	<b>1</b>	<b>225</b>

\* - This table is audited information

\*\* - Benefits in kind are benefits which employees or directors receive from their employment but which are not included in their salary

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

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

\*\*\*\*\* - Starting date 18 March 2019

Additionally, the Chief Information Officer and Executive Director of Operations are seconded into the organisation by CGF Partnerships Limited in accordance with the Host City Contract. Tax and National Insurance are deducted by CGF Partnerships Limited. This is recharged through a service agreement. This charge was £127k in the period.

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:

Range ●	Period ended 31 March 2019 Total	FTE Period ended 31 March 2019 Total
£140,000 - £144,999	-	1
£210,000 - £214,999	-	1

● - only relevant bands have been included

## ***Remuneration Report (Continued)***

### **Travel and Expenses**

During the period the Company paid travel and subsistence costs of £33k.

### **Sickness Days**

During the period to 31 March 2019 the Company lost 71 days to sickness absence. 54 days related to one employee who was on long term sickness in the period.

### **Staff Exit Packages**

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

### **Trade Union**

The Company does not have any employees currently within a Trade Union. This results in no time been taken off during the period to carry out duties and activities as a Trade Union Representative.

### **Hutton Fair Pay Disclosures**

The Company is required to disclose the relationship between the remuneration of the highest paid member of the executive team in its organisation and the median remuneration of the organisation's workforce. During the period, the banded remuneration of the highest paid member of the executive team was £195,000-199,999 per annum (excluding employer pension contributions). For period ended 31 March 2019 this was 4.4 times the median remuneration of the annualised workforce as at 31 March 2019, which equated to £45,000. Remuneration ranged from £20k to £130k excluding highest paid member of staff. No member of staff received remuneration higher than the highest paid member of the Executive team.

Total remuneration includes salary, allowances and non-consolidated performance related pay. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

### **Off Payroll Engagements**

As at 31 March 2019 there were twelve off-payroll engagements for more than £220 a day and that last for longer than six months. No 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.

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

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

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

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

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

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

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

- Observe the Accounts Direction issued by DCMS, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- 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.

I confirm 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

Ian Reid  
Chief Executive and Accounting Officer

## **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 Ltd ("the Company") for the period ended 31 March 2019 which comprise the Statement of Profit and Loss and Other Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Statement of Cash Flows and the related Notes to the Financial Statements including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of the result for the period then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- have been prepared in accordance with the Companies Act 2006.

### **Opinion on regularity**

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

### **Basis of opinions**

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

### **Conclusions relating to going concern**

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

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

### **Responsibilities of the Directors for the financial statements**

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

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



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

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

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

### **Other Information**

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

### **Opinion on other matters prescribed by the Companies Act 2006**

In my opinion:

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

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

### **Matters on which I report by exception**

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

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

**Greg Wilson (Senior Statutory Auditor)**

**September 2019**

For and on behalf of the

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

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

## Statement of Profit and Loss and Other Comprehensive Income

for the sixteen month period ended 31 March 2019

	Note	2019 £000
<b>Income</b>		
Grant in Aid	2	22,351
Other Grants	2	2,156
<b>Total Income</b>		<u>24,507</u>
Cost of sales		-
<b>Gross profit</b>		<u>24,507</u>
Administrative Expenses		(24,506)
<b>Operating profit</b>	3	<u>1</u>
Financial expenses	6	(1)
<b>Net financing expenses</b>		<u>-</u>
<b>Profit before taxation</b>		<u>-</u>
Taxation	7	-
<b>Profit for the financial period</b>		<u><u>-</u></u>
<b>Other comprehensive income</b>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency		-
<b>Other comprehensive income for the period</b>		<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>-</u></u>

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

The notes on pages 27 to 39 form part of these Financial Statements.

**Statement of Financial Position****As at 31 March 2019**

	<i>Note</i>	<b>2019 £000</b>	<b>2019 £000</b>
<b>Non-current assets</b>			
Property, plant and equipment	8		39
			<hr/>
			39
<b>Current assets</b>			
Trade and other receivables	9	4,391	
Corporation tax receivable	7	7	
Cash and cash equivalents		1,749	
		<hr/>	
<b>Total current assets</b>			<b>6,147</b> <hr/>
<b>Current liabilities</b>			
Trade and other payables	10	(5,701)	
Tax payable		-	
Deferred tax liabilities	7	(7)	
		<hr/>	
<b>Total current liabilities</b>			<b>(5,708)</b> <hr/>
<b>Net current assets</b>			<b>439</b>
<b>Non-current liabilities</b>			
Trade and other payables	11	(478)	
Deferred tax liabilities		-	
		<hr/>	
			<b>(478)</b> <hr/>
<b>Net assets</b>			<b>-</b> <hr/> <hr/>
Profit and loss reserve			<hr/> <hr/> <b>-</b> <hr/>
<b>Total equity</b>			<b>-</b> <hr/> <hr/>

The notes on pages 27 to 39 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

Ian Reid  
Chief Executive Officer and Accounting Officer

Company registered number: 11120160

**Statement of Changes in Equity**  
*for the sixteen month period ended 31 March 2019*

	Profit and loss reserve £000	Total equity £000
<b>Total comprehensive profit for the period</b>		
Profit for the period	-	-
<i>Other comprehensive income:</i>		
Foreign currency translation differences on consolidation	-	-
	_____	_____
Total comprehensive income for the period	-	-
	_____	_____
<b>Balance at 31 March 2019</b>	-	-
	=====	=====

The notes on pages 27 to 39 form part of these Financial Statements.

**Statement of Cash Flows**  
**for the sixteen month period ended 31 March 2019**

	<i>Note</i>	<b>2019</b> <b>£000</b>
<b>Cash flows from operating activities</b>		
Profit for the period		-
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	8	6
Financial expenses	6	1
Taxation	7	-
		<hr/>
Operating cash flows before movements in working capital		7
Increase in trade and other receivables		<b>(4,399)</b>
Increase in trade and other payables		<b>5,708</b>
Increase in long term accruals		<b>478</b>
		<hr/>
Cash generated by operations		<b>1,787</b>
Tax paid		-
		<hr/>
<b>Net cash inflow from operating activities</b>		<b>1,794</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	8	<b>(45)</b>
		<hr/>
<b>Net cash from investing activities</b>		<b>(45)</b>
<b>Cash flows from financing activities</b>		
		<hr/>
<b>Net cash from financing activities</b>		-
		<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>1,749</b>
Cash and cash equivalents at start of period		-
Effects of exchange rate fluctuations on cash and cash equivalents		-
		<hr/>
<b>Cash and cash equivalents at 31 March 2019</b>		<b>1,749</b>
		<hr/> <hr/>

The notes on pages 27 to 39 form part of these Financial Statements.

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

### **1 Accounting policies**

#### **1.1 Basis of preparation**

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

These financial statements have been prepared in accordance with the Companies Act and with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

The 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.

The financial statements presented are for a sixteen month period to align the year end with the Government reporting timetable.

#### **1.2 Going concern**

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

#### **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 1.7 critical accounting estimates.

#### **1.4 New standards, interpretations and amendments effective from 1 January 2018**

New standards, interpretations and amendments that have been adopted in the financial statements for the period ended 31 March 2019 are:

- IFRS 9 - Financial Instruments (IFRS 9)
- IFRS 15 - Revenue from Contracts with Customers (IFRS 15)
- IFRS 22 - Foreign Currency Transactions and Advance Consideration
- IFRS 2 (amendments) - Classification and Measurement of Share-based Payment Transactions
- IFRS 4 (amendments) - Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'
- IAS 40 (amendments) - Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS1 First-time adoption of IFRS and IFRS 28 Investments in Associates and Joint Ventures.

**Notes** *(continued)***Accounting policies** *(continued)***1.5 New standards, interpretations and amendments not yet effective**

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

The most significant of these is:

- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019)

Adoption of IFRS 16 will result in the Company recognising right-of-use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Company does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its financial statements the total commitment.

The Board has decided it will apply the modified retrospective adoption method in IFRS 16, and, therefore, will only recognise leases on balance sheet as at 1 April 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date.

As at 31 March 2019 the Company has non-cancellable operating lease commitments of £3.9 million. IAS 17 does not require the recognition of any right-to-use asset or liability for future payments for these leases; instead certain information is disclosed as operating lease commitments in note 15. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16 and hence the company will recognise a right of use asset and a corresponding liability in respect of this lease. The new requirement to recognise a right to use asset and related lease liability will see an increase to fixed assets Right of Use (ROU) of £3.7 million and an increase to liabilities of £3.7 million from 1 April 2019.

**1.6 Other New Standards**

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

The following is a list of other new and amended standards which, at the time of writing, had been issued by the IASB but which are effective in future periods.

- Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective 1 January 2019);
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective 1 January 2019);
- Annual Improvements to IFRSs 2015-2017 Cycle (IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, IAS 12 Income Taxes, and IAS 23 Borrowing Costs) (effective 1 January 2019);
- IFRIC23 – Uncertainty over Income Tax Treatments (effective 1 January 2019); and
- IAS 19 (amendments) - Plan Amendment, Curtailment or Settlement (effective 1 January 2019)
- IFRS 17 Insurance Contracts (effective 1 January 2021).



## **Notes** *(continued)*

### **Accounting policies** *(continued)*

#### **1.7 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 period the Company has recognised its obligations under the host city contract as they become payable; future payments will be funded through Grant in Aid from DCMS. Additionally, the Company has recognised grant income on a systematic basis in accordance with the expenditure the Company incurs in line with IAS 19.

There are no estimates and assumptions that are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **1.8 Government Grants**

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

Government grants are recognised in the income statement on a systematic 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.

Income in the period represents funding from the HM Government and BCC.

The largest source of funding in the period was Grant in Aid from DCMS for £26.2 million. £3.9 million of Grant in Aid received from DCMS was subsequently deferred at the period end. This Grant in Aid was required to cover the gross value of the Company's expenditure and a VAT debtor remains at the period end.

#### **1.9 Employee benefits**

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

#### **1.10 Financing income and expenses**

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

#### **1.11 Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

## **Notes** *(continued)*

### **Accounting policies** *(continued)*

#### **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 and depreciation**

Fixed Assets comprises of IT Hardware. These are all stated at cost less accumulated depreciation and any recognised impairment losses.

The Company expects the useful economic life of all 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.

#### **1.15 Operating Leases**

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals are charged to the Statement of Profit and Loss and Other Comprehensive Income on a straight-line basis over the term of the relevant lease.

#### **1.16 Provisions and Accruals**

Provisions and 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. Costs relating to employee service commitments are accrued on the basis of the amounts earned up to the balance sheet date.

The Company have 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.

**Notes** *(continued)***2 Income**

An analysis of funding per body is given below:

	<b>16 month period ended 31 March 2019 £000</b>
Department for Digital, Culture, Media and Sport – Grant in Aid	<b>22,351</b>
Birmingham City Council	<b>2,156</b>
	<hr/> <b>24,507</b> <hr/>

£3,874,136 of Grant in Aid received from The Department of Digital, Culture, Media and Sport was subsequently deferred at the period end. This Grant in Aid was required to cover the gross value of the Company's expenditure and a VAT debtor associated with this expenditure remains at the period end.

**3 Operating profit**

	<b>16 month period ended 31 March 2019 £000</b>
<i>Included in operating profit are the following expenses:</i>	
Depreciation of property, plant and equipment	<b>6</b>
Operating lease payments - Land and buildings	<b>18</b>
	<hr/>
<i>Amounts receivable by auditor and their associates in respect of:</i>	
Audit of these financial statements	<b>15</b>
	<hr/>

**Notes** *(continued)***4 Remuneration of directors**

	<b>16 month period ended 31 March 2019 £000</b>
Directors' emoluments (including benefits in kind)	15
Company contributions to money purchase pension schemes	-
	<hr/>
	<b>15</b>
	<hr/> <hr/>

The emoluments of the highest paid director were £14,977. Company pension contributions amounting to £nil were made for this director.

From 1 April 2019 this Director has chosen to waive his payment.

No other Director received remuneration during the period.

Additional information on remuneration is included within the Remuneration Report.

**5 Staff numbers and costs**

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

	<b>Number of employees 2019</b>
Administration and management*	3
Operation*	-
	<hr/>
	<b>3</b>
	<hr/> <hr/>

\*The average staff number is low as the majority of the employees did not join the Company until November 2018 onwards. Staff numbers as at 31 March 2019 are as follows:

	<b>Number of Employees March 2019</b>
Administration and management	16
Operations	1
	<hr/>
	<b>17</b>
	<hr/> <hr/>

**Notes** *(continued)*

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

	<b>16 month period ended 31 March 2019 £000</b>
Wages and salaries	<b>284</b>
Social security costs	<b>28</b>
Other pension costs (note 17)	<b>19</b>
	<hr/>
	<b>331</b>
	<hr/> <hr/>

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

	<b>16 month period ended 31 March 2019 Number of Employees</b>
Contractors	<b>2</b>
Other	<b>3</b>
	<hr/>
	<b>5</b>
	<hr/> <hr/>

**6 Finance Costs**

	<b>16 month period ended 31 March 2019 £000</b>
Unwinding of discount on long term accruals	<b>1</b>
	<hr/>
	<b>1</b>
	<hr/> <hr/>

**Notes (continued)****7 Taxation****(a) Analysis of taxation in period recognised in the Statement of Profit and Loss and Other Comprehensive Income**

	<b>16 month period ended 31 March 2019 £000</b>
<i>UK corporation tax</i>	
Current tax on income for the period	(7)
<b>Total current taxation</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>7</b>
<b>Total taxation</b>	<b>-</b>

**(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:

	<b>16 month period ended 31 March 2019 £000</b>
Profit before taxation	-
Taxation calculated at UK standard rate of corporation tax of 19%	-
<i>Effects of:</i>	
Expenses not deductible for tax purposes	-
Non-taxable income	-
Effect of changes in tax rate	-
<b>Total taxation</b>	<b>-</b>

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

The UK corporation tax expense within these financial statements has been provided for at the rate of 19%. On 14 July 2015 the Government enacted the reduction in the main rate of Corporation Tax to 19% (effective 1 April 2017) and on 15 September 2016 the Government enacted the reduction in the main rate of Corporation Tax to 17% (effective 1 April 2020).

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date and accordingly deferred tax has been recognised within these financial statements at 19%.

**Notes** *(continued)***8 Property, plant and equipment**

	IT Equipment £000	Plant and other equipment £000	Total £000
<b>Cost</b>			
Additions	45	-	45
<b>At 31 March 2019</b>	<u>45</u>	<u>-</u>	<u>45</u>
<b>Depreciation</b>			
Charge for the period	6	-	6
<b>At 31 March 2019</b>	<u>6</u>	<u>-</u>	<u>6</u>
<b>Net book value</b>			
<b>At 31 March 2019</b>	<u>39</u>	<u>-</u>	<u>39</u>

There are no assets held under finance leases and no assets held in the course of construction.

**9 Trade and other receivables**

	<b>2019</b>
	<b>£000</b>
VAT Receivable	4,387
Prepayments	4
	<u>4,391</u>

Trade and other receivables are all due within one year.

**10 Trade and other payables falling due within one year**

	<b>2019</b>
	<b>£000</b>
Trade payables	77
Deferred income	3,874
Other taxes and social security	31
Other payables	8
Accrued expenses	1,711
	<u>5,701</u>

**Notes** *(continued)***11 Trade and other payables falling due over one year**

	<b>2019</b>
	<b>£000</b>
Accrued expenses	<b>478</b>
	<b>478</b>
	<b>478</b>

**12 Financial instruments****(a) Carrying amount of financial instruments**

The carrying amounts of the financial assets and liabilities include:

	<b>2019</b>
	<b>£000</b>
<b>Current</b>	
Financial assets designated as fair value through profit or loss	-
Other financial assets measured at amortised cost:	
Trade and other receivables	<b>4,391</b>
	<b>4,391</b>
<b>Non-current liabilities</b>	
Financial liabilities designated as fair value through profit or loss	<b>(478)</b>
Other financial liabilities measured at amortised cost:	
Other interest-bearing loans and borrowings	-
	<b>(478)</b>
<b>Current liabilities</b>	
Financial liabilities designated as fair value through profit or loss	-
Other financial liabilities measured at amortised cost:	
Trade and other payables	<b>(5,701)</b>
	<b>(5,701)</b>

**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 through funding from DCMS.

**Capital risk management**

The Company has no external borrowings or loans outside of the Government Banking Service. All current cash requirements are funded through Grant in Aid.

**Interest rate risk**

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

**Foreign currency financial assets and liabilities**

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



**Notes** *(continued)***13 Accounting estimates and judgements**

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

**Recognition of deferred tax assets and liabilities**

The actual tax on the Company's profits is determined according to complex laws and regulations. Where the effect of these laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid on profits which are recognised in the financial statements. The Company considers the estimates, assumptions and judgements to be reasonable, but this can involve complex issues which may take a number of years to resolve. The final determination of tax liabilities could be different from the estimates reflected in the financial statements. Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

**14 Capital commitments**

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

	<b>2019</b> <b>£000</b>
Contracted	-
	<hr/> <hr/>

**15 Operating lease commitments**

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

	<b>2019</b> <b>£000</b>
Less than one year	<b>1,027</b>
Between one and five years	<b>2,823</b>
	<hr/> <b>3,850</b> <hr/> <hr/>

The Company signed a lease for its new premises on 26 March 2019. This lease expires in December 2022.

**16 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.

**17 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 £19,260. There were £6,404 of outstanding contributions at the end of the financial year.

**Notes (continued)****18 Analysis of changes in net debt**

	2019 £000
Cash and cash equivalents	1,749
Bank borrowings – current	-
Bank borrowings – non-current	-
	<hr/>
	1,749
	<hr/> <hr/>

	At incorporatio n £000	Cash flow £000	Other non cash changes £000	Exchange movemen t £000	At end of period £000
Cash at bank and in hand	-	1,749	-	-	1,749
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	-	1,749	-	-	1,749
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**19 Post balance sheet events**

Following the reporting period, the Company has received approval from the Government on the lifetime budget.

**20 Related party transactions**

Helen Judge (Non-executive director) is an employee of The Department for Digital, Culture, Media and Sport. During the financial period the Company received Grant in Aid funding of £26,225,589 from DCMS. In addition, there were costs of £22,158,543 (year-end creditor balance £74,703). These costs were mainly in relation to the invoices DCMS paid on behalf of the company during set up of £21,718,745 and commercial recharge costs of £109,838.

David Grevemberg CBE (Non-executive director) is CEO of, and Dame Louise Martin (Non-executive Director) is President of, the Commonwealth Games Federation (CGF). During the period the Company paid £19,700,000 to the CGF for the contractual Host City Fees and Joint Marketing Fees due to CGF and other Commonwealth Games Associations. This payment was included within the £22,158,543 payment made by DCMS and was paid to CGF on behalf of the Company. Additionally, CGF holds a 60% stake in CGF Partnerships Limited (CGFP). During the financial period there were costs of £1,047,121 paid to CGFP of which £164,671 was included within the £22,158,543 payment made to DCMS which was paid to CGF on behalf of the Company. £882,450 remains in creditors at the period end.

Councillor Ian Ward (Non-executive Director) is Leader of Birmingham City Council. During the financial period the Company received Grant funding of £2,155,693 from BCC. There was expenditure paid to BCC for £1,470,538. £187,664 remains as a creditor at the period end.

Councillor Ian Ward (Non-executive Director) was a constitution member of the West Midlands Combined Authority (WMCA). During the financial period the Company incurred liabilities of £786,000 with WMCA. This full amount was included within creditors at the period end.

**Notes** *(continued)*

**21 Controlling Party**

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

CCS0819781014  
978-1-5286-1566-2