

Official

Festival 2022 Limited
Report and Financial Statements
for the 18-month period ended 30 September 2022

Official



Festival 2022 Limited

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Festival 2022 Limited

Officers and Professional Advisors

Chair: Dame Vikki Heywood DBE

Chief Executive Officer: Ian Reid

Directors: Dr. Margaret Aderin-Pocock MBE
Amali De Alwis MBE
Bernard Hannaway
Dame Vikki Heywood DBE
Bridget McConnell CBE
Roger Lewis
Andrew Thompson
Dr. Hayaatun Sillem CBE
Robert Smith MBE
Faraz Tasnim

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
2nd Floor
280 Bishopsgate
London
EC2M 4RB

Registered Office: One Brindley Place
Brindley Place
Birmingham
B1 2JB

Registered Number: 12581221

Chair and Chief Executive's Foreword

We are pleased to bring you the second Report and Financial Statements for Festival 2022 Limited, known as UNBOXED: Creativity in the UK ("the Company"). The Report and Accounts have been prepared in a format set out by the Department for Digital, Culture, Media and Sport ("DCMS").

UNBOXED is a UK-wide celebration of creativity and innovation, which has been taking place since 1 March 2022. It features ten ground-breaking commissions that are the result of collaboration across science, technology, engineering, arts and maths. They have been created to reach people throughout England, Northern Ireland, Scotland and Wales, with a mix of live activities, digital experiences and public engagement.

Established in May 2020, the Company is a 100% subsidiary of the Birmingham Organising Committee for the 2022 Commonwealth Games Limited ("the Organising Committee") and benefits from a shared management team working across both the Commonwealth Games ("the Games") and the Festival. UK Government has allocated a budget of £93.8m to the Company, with the overall Festival budget totalling £120m, including funding allocated by the DCMS, the Northern Ireland Executive, Scottish Government and Welsh Government.

The Company's role has been to curate, manage and promote 'the Festival', working in collaboration with Strategic Delivery Bodies appointed by the devolved administrations: Belfast City Council, EventScotland and Creative Wales. Since March 2022, it has produced an exciting and diverse programme that has delivered events and activities in more than 100 towns, cities and villages across the UK, alongside a wide and varied digital and broadcast programme, learning and participation initiatives and investment into development opportunities for young and emerging creatives. Between them, the ten commissions have also been testing new ideas, technologies and collaborative practices.

UNBOXED deliberately set out to take commissioned projects to locations right across the four nations of UK and beyond the main urban centres, with events presented in places throughout England, Northern Ireland, Scotland and Wales that are often underserved by high quality cultural activity. The response from the public has been highly positive with packed events.

Another feature has been to harness science, technology and engineering in new creative collaborations to present new work that is distinct from more traditional forms of cultural activity and designed to test new ideas and innovative processes.


In addition to commissioning the creative programme, the Company established the governance structures, policies and procedures required of a new special purpose vehicle. As a subsidiary, it has benefited from a shared operating environment with the Organising Committee. At the end of September 2022, 84 employees had been recruited to work at the Company.

The Executive Management Team (EMT), under the strategic direction of the Board, have had strong internal processes in place to identify and navigate challenges, and decision-making frameworks to fully evaluate the ongoing delivery of the Festival. This includes detailed consideration for risk management and ongoing assurance to support accelerated multi-partner delivery.

Working collaboratively with our many partners, we believe that the team has delivered a rich and unique programme, which has engaged and entertained millions of people across the UK and beyond, with clear evidence of impact and future legacy.

Between September and November 2022, the Company facilitated the work of the National Audit Office (NAO) to look into the set-up, funding and delivery of UNBOXED. On 1 December 2022, the NAO published a report into the facts about the programme. The NAO report reflects that this ambitious and entirely free programme engaged an audience of over 18 million across the four nations, responding to a clear brief for a UK-wide festival. An independent evaluation will examine the full benefits of the programme and is due to be published in March 2023.

Festival 2022 Limited



Dame Vikki Heywood DBE
Chair on behalf of Board
08 December 2022



Ian Reid
Chief Executive Officer
08 December 2022

Strategic Report

The Directors are pleased to present their strategic report for the 18-month period that ended on 30 September 2022.

Principal Activities

The Company is responsible for the curation, management and promotion of the Festival and the co-commissioning of the creative programme with our partners: Belfast City Council, EventScotland and Creative Wales.

Funding for the Festival is provided to the Company by DCMS and to our partners in Northern Ireland, Scotland and Wales by the Devolved Administrations.

As a wholly owned subsidiary of the Organising Committee, the Company's reporting is also consolidated into the Group Report and Financial Statements.

Structure of the Festival

The Festival is a UK-wide project delivered through a co-commissioning partnership. The Company is responsible for commissioning activity in England and UK-wide, with Belfast City Council as the commissioner for Northern Ireland, EventScotland as the commissioner for Scotland, and Creative Wales as the commissioner for Wales.

The Company has direct responsibility for the activities commissioned utilising £93.8m of grant funding awarded by the DCMS and has a programme assurance and coordination role for activities commissioned by the Strategic Delivery Bodies.

The Company Board has representatives of England, Northern Ireland, Scotland and Wales to provide the overall assurance of the Festival across the UK.

This set of financial statements covers the first full year of grant funding awarded under a three-year funding agreement with DCMS, concluding in March 2023.

Strategy and Objectives

The Company is committed to organising and delivering the Festival on time and within the agreed budget. The partners have agreed the Festival will be a major UK-wide project, reaching millions of people and showcasing creativity and innovation.

The two strategic objectives of the Festival have been agreed as:

- Bring people together to celebrate our strengths, values and cultures; and boost pride throughout communities; and
- Celebrate our collective and unique offers to the world, supporting our brand and helping attract new inward business and investment.

The Festival will be delivered through collaboration, with funding from all four Governments who have signed up to the above strategic objectives. All agreed that the Festival will be delivered at arm's length through the Festival Company as a new independent body in partnership with the Strategic Delivery Bodies.

The Festival focuses on cross-sector collaboration with science, technology, engineering, arts and mathematics to create a diverse creative programme for the widest possible audience. This will be realised to celebrate the Festival's values of: **open, original and optimistic**.

Strategic Report (continued)

Business Review

During this period, UNBOXED: Creativity in the UK was launched to the national and international press on the 21 October 2021. In March the following year About Us, the first of 10 commissions, launched in Paisley, Scotland. In the intervening months the remaining Commissions went live with the last one launching on the 26 September 2022. During this period the team at UNBOXED also:

- Negotiated and signed the 10 full commissioning agreements for the programme;
- Continued to recruit across the partnership and delivery teams;
- Agreed locations for all live activity across England, Northern Ireland, Scotland and Wales;
- Designed and launched a new website alongside a digital engagement plan;
- Created a communications, marketing, and digital strategy;
- Designed alongside the 10 Commissions a comprehensive community and schools' engagement programme that toured the UK;
- Created evaluation plans, strategy and produced a benefits realisation framework;
- Created an International programme designed to connect with creatives overseas supported by a number of delivery partners including the British Council and the RSA (the Royal Society of Arts);
- Showcased UK creativity at industry events such as South by Southwest, Sheffield Doc Fest and BEYOND;
- Designed the dissolution process in collaboration with the Organising Committee of the Commonwealth Games and the Department for Culture, Media and Sport for Festival 2022; and
- Produced a strategy for operating in a COVID-19 environment.

Every part of the UNBOXED programme was free to access and the live events programme mostly took place in locations across the UK previously underserved by creative investment programmes. The programme was supported by a learning and participation programme designed to inspire future generations of creatives across the UK. As part a legacy of the R&D process, materials created to shape the programme will become part of a publicly accessible resource enabling future generations of creatives to be inspired. UNBOXED set out to contribute to an ongoing global conversation about the importance of creativity, from the future of jobs to well-being, and to inform approaches to major events and cross-sector collaboration.

The Company is now moving into the final delivery, dissolution and evaluation phase of the programme. We continue to work closely with the Teams to support them in the dissolution phase.

Strategic Report (continued)

Key Performance Indicators (KPIs)

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

KPIs	Commentary	RAG Status
Selection and delivery of 10 major commissions.	The R&D project was designed and completed in the period resulting in the selection of 10 commissions to take forward for the Festival's public-facing programme. The Company has successfully delivered all 10 commissions.	Green
Delivery of actions in line with both the integrated project plan agreed by the Festival partners and the Company's internal project plan to enable the Festival to be delivered in 2022.	The Company was established in May 2020. The Festival is being delivered to an accelerated timeline, however, the Company has made significant progress in achieving all key deliverables in the period 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 in 2022 is an ambitious task and the Company 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.	Amber
Outturn versus budget.	The outturn (actual income and expenditure) was in line with the budget for the period.	Green
Meeting delivery obligations at a cost within the Company's part of the budget.	Costs to date are within the Company's overall Budget. The Company 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 based on the scenario planning framework.	Green
Major procurement outcomes are in line with budgeted costs.	The main procurements in the period were within the estimated budgeted costs. The Company continue 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.	Green
Projected workforce costs against budget.	The workforce costs for period ended 30 September 2022 were within the expected budget. The team continues to review needs and recruit key roles to ensure the Company has sufficient resource to deliver the Festival and support the commissioned projects.	Green

Strategic Report (continued)

Principal risks and uncertainties

The Board has assessed the key risks and uncertainties impacting the Company.

The 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 arm's length to the agreed strategic objectives and parameters. This is facilitated by a signed Concordat between the four Governments, agreeing to these principles and enabling the Company and the Strategic Delivery Bodies to independently deliver the Festival.

The Company continues to operate in a complex and changing external environment which requires us to be proactive in our planning and delivery. A programmatic approach allows us to operate in an agile way and adopt quickly to changing circumstances so that opportunities are not diminished or lost. This has been applied to mitigate the risks of supply chain and challenges in the labour market.

As a large-scale public programme, the Board has regularly monitored engagement with each of the 10 commissions to ensure audiences are benefitting from the range of free experiences available throughout the UNBOXED programme across live, digital, broadcast, learning and participation. Whilst there are challenges to communicating a programme with a live events programme delivered across towns, villages and cities across the UK, alongside non-live experiences, the Board is confident that millions of people are engaging with UNBOXED.

Throughout, the Company has monitored and assured the work of the Teams responsible for the devolved delivery of the 10 commissions. The programme has been delivered effectively throughout the period since the initial public event on 1 March 2022 and there is activity ongoing. As of 30 September 2022, all 10 commissions have launched to the public. The programme is being delivered to the timescales agreed with the Board and the four Governments, and within the total budget allocated across all delivery partners.

The Company continues to monitor risks on resource pressures, specifically workforce recruitment and retention. Although COVID-19 has not impacted the programme as much as originally thought, COVID mitigation remained a key factor throughout and formed part of all live event planning. The Company continues to monitor these risks on the business and is regularly reporting to the Audit and Risk Assurance Committee (ARAC) and Board.

By order of the Board



Dame Vikki Heywood DBE
Chair on behalf of Board
08 December 2022



Ian Reid
Chief Executive Officer
08 December 2022

Festival 2022 Limited

Directors' Report

Registered number 12581221

The Directors are pleased to present their Report on the affairs of the Company, together with the Remuneration Report, Financial Statements and Auditor's Report for the 18-month period ended 30 September 2022. The Governance Statement set out on pages 10 to 15 forms part of this report.

The Company is limited by guarantee without share capital.

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

Directors

The Company's non-executive directors are:

Dr. Margaret Aderin-Pocock MBE
 Amali De Alwis MBE
 Bernard Hannaway
 Dame Vikki Heywood DBE
 Priya Lakhani OBE (Resigned 22 November 2022)
 Roger Lewis
 Bridget McConnell CBE
 Roger Mosey (Resigned 28 April 2022)
 Andrew Thompson
 Dr. Hayaatun Sillem CBE
 Robert Smith MBE
 Mary Stuart (Resigned 15 September 2021)
 Faraz Tasnim

Financial Results

The result for the period is detailed on page 23.

The most significant expenditure items during the period were £54.4m of payments to the 10 commissions and £6.0m in relation to marketing and advertising. Other expenditure mainly relates to workforce.

The majority of the Company's income during the period has been received through public funding from the Government.

Treasury Policy

During the period, the Company did not hold any shares or other investments.

The Company's cash requirements are funded through Grant funding from DCMS on the basis of need, in accordance with HM Treasury guidance, Managing Public Money. Funds are held in Government Banking Services bank accounts.

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. Based in Birmingham, the Company is committed to developing a diverse workforce that is reflective of the population of the West Midlands region. The Company will continue to 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.

The Festival is committed to delivering a creative programme that is reflective of the diversity of all communities across the four nations of the UK. We are seeking to engage audiences from all backgrounds to experience and participate in the ten commissioned projects, ensuring the Festival is representative of the communities it intends to engage and celebrate.

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.

Accessibility

The Festival is committed to delivering a highly accessible, inclusive and successful programme of events, ensuring a safe, independent and dignified experience for all.

Political and charitable contributions

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

Qualifying third party indemnity provision

The Department for Culture, Media and Sport provides Directors' and Officers' liability insurance policies on behalf of the Directors. These policies meet the Companies Act 2006 definition of a qualifying third-party indemnity provision. The qualifying third-party indemnity provision was in force during the financial year and at the date of approval of the financial statements.

Going Concern

Festival 2022 Limited has been established as a special purpose vehicle and will operate for a limited period of time and, once the Festival 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 and workforce.

The Company intends to enter Member's Voluntary Liquidation in the first quarter of 2023 hence the Company has adopted the break-up basis of preparation for these Financial Statements. In accordance with the International Financial Reporting standards. 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.

Festival 2022 Limited

Directors' Report (continued)

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 they ought to have taken as a Director to make themselves 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 Report inclusive of the Financial Statements for the 18 months ended 30 September 2022 are the Company's final set of financial statements to be submitted to Companies House. Therefore, the National Audit Office will cease to act as the Company's Auditor following completion of the final set of financial statements.

By order of the Board



Dame Vikki Heywood DBE
Chair on behalf of Board
08 December 2022



Ian Reid
Chief Executive Officer
08 December 2022

Governance Statement

This statement sets out the governance structures, risk management and internal control procedures which the Company had in place during the 18-month period between 01 April 2021 and ended 30 September 2022. It also covers future plans in place to ensure the Company is in the best place to go into a timely and controlled liquidation following the end of the live operation period to deliver the Festival.

As the Festival was a complex project, it was important to ensure that appropriate governance structures and processes were in place. These systems provided the clarity, accountability and transparency needed in order to have effectively delivered the Festival, while also be in a strong position strategically to complete the Evaluation Report and be prepared to start liquidation in early 2023.

Compliance with the Corporate Governance Code

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

Accounting Officer

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

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

Company Board

The governance process is led by the Company Board. Chaired by Dame Vikki Heywood DBE. The Company Board met twenty times during the period.

During the period, the Board has focused on the following areas:

- approval of key policies;
- the key risks and issues facing the Festival;
- deep dives of each of the Commissions and the Learning, Participation and International Programme;
- monitoring audience engagement with 10 commissions;
- updates on the Marketing and Communications plan;
- updates on key activity (e.g., sustainability, evaluation and legacy);
- a review of the Programme KPIs;
- specific Festival approvals that impact the contingency budget; and
- the lifetime budget for the Festival.

Festival 2022 Limited

Governance Statement (continued)*Board attendance for period between 01 April 2021 to 30 September 2022*

Board Member	Apr-21	June-21	July-21	Aug-21	Sept-21	Oct-21	Dec-21	Jan-22	Feb-22	2 Mar-22
Dame Vikki Heywood DBE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Amali de Alwis MBE	✓	✓	✓	x	✓	✓	✓	x	✓	✓
Dr. Hayaatun Sillem CBE	✓	✓	x	✓	✓	✓	✓	✓	✓	✓
Dr. Margaret Aderin-Pocock MBE	✓	✓	x	✓	x	✓	x	✓	✓	✓
Faraz Tasnim	✓	✓	✓	✓	✓	✓	✓	✓	x	✓
Bernard Hannaway	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Priya Lakhani OBE	✓	✓	✓	✓	✓	✓	x	✓	✓	✓
Rob Smith MBE	✓	✓	✓	x	✓	✓	✓	✓	✓	✓
Bridget McConnell CBE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Roger Lewis	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Roger Mosey**	✓	✓	✓	✓	✓	x	✓	✓	✓	✓
Mary Stuart CBE*	✓	✓	✓	x	N/A	N/A	N/A	N/A	N/A	N/A
Prof. Andrew Thompson CBE***	N/A	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	x

Governance Statement (continued)*Board attendance (continued)*

Board Member	31 Mar-22	7 Apr-22	21 Apr-22	29 Apr-22	May-22	9 June-22	22 June-22	11 Aug-22	26 Aug-22	Sept-22	Attendance
Dame Vikki Heywood DBE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	20 out of 20
Amali de Alwis MBE	x	x	x	x	✓	x	x	✓	✓	✓	11 out of 20
Dr. Hayaatun Sillem CBE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	19 out of 20
Dr. Margaret Aderin-Pocock MBE	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	16 out of 20
Faraz Tasnim	✓	✓	✓	✓	✓	✓	✓	x	x	✓	17 out of 20
Bernard Hannaway	x	x	✓	✓	✓	✓	✓	✓	✓	✓	18 out of 20
Priya Lakhani OBE	✓	x	✓	✓	x	✓	✓	✓	✓	✓	17 out of 20
Rob Smith MBE	✓	✓	✓	x	✓	✓	✓	x	✓	✓	17 out of 20
Bridget McConnell CBE	x	✓	✓	✓	✓	✓	✓	✓	✓	x	18 out of 20
Roger Lewis	x	✓	✓	✓	✓	x	x	x	✓	✓	16 out of 20
Roger Mosey**	✓	x	✓	x	N/A	N/A	N/A	N/A	N/A	N/A	11 out of 14
Mary Stuart CBE*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3 out of 4
Prof. Andrew Thompson CBE***	x	✓	x	x	x	✓	✓	✓	✓	✓	9 out of 14

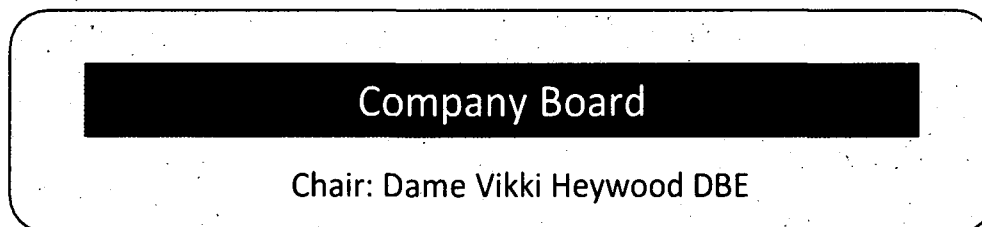
* Resigned from Board at the September-2021 meeting

** Resigned from Board at the 29 April-2022 meeting

*** Appointed to the Board December 2021

Sub Committees of the Board

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



Governance Statement (continued)**Sub Committees of the Board (continued)*****Sub-committees of the Board*****Audit and Risk Assurance Committee**

Chair: Faraz Tasnim

Audit and Risk Assurance Committee

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

The ARAC is chaired by Faraz Tasnim (Non-Executive Director) who has over 15 years financial leadership experience. In discharging his responsibility, the ARAC Chair met 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. The ARAC Chair now meets with the OC Chair to ensure dissolution activity is aligned in order to meet the timeline for liquidation in the first quarter of 2023.

During the period, 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 considered external and internal audit plans and reports and the Committee continue to receive regular updates on the audit plan developed for 2021/22 from the appointed internal auditors. The ARAC and Executive Team have recently requested an audit on dissolution activity to support in the wind down of the Company.

ARAC attendance for the period to 30 September 2022

ARAC Committee Member	June-21	Aug-21	Sept-21	Nov-21	Jan-22	Feb-22	Apr-22	May-22	June-22	Aug-22	Attendance
Faraz Tasnim	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 out of 10
Amali de Alwis MBE	x	✓	✓	x	✓	✓	✓	✓	✓	✓	8 out of 10
Bernard Hannaway	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 out of 10
Roger Lewis	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	9 out of 10

Governance Statement (continued)

Declaration of interests

All Board members have disclosed their range of interests in order to minimise conflicts and the document remains live on the UNBOXED website located here <https://unboxed2022.uk/governance-policies-procedures>

Information management

The Company's Board and its sub-committee 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. Improvements were made to the structure and quality of reports following the Board's Effectiveness Review in January 2022.

Policies and Procedures

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

The key policies that are in place can be found on <https://unboxed2022.uk/governance-policies-procedures>

Risk Management Summary

The Company has developed a Risk Management Framework which was approved by the Board in December 2020. The Company has developed a risk management culture where employees and stakeholders are aware of the importance of monitoring and managing risk and their role within the process.

Risk Management is delivered at project, programme and Corporate levels, and support and oversight of this process is delivered by the Festival PMO (Programme Management Office) team. This team provides a central co-ordinating function that undertakes trend analysis across the planning of the organisation, ensures risk management best practice is embedded and manages the escalation of cross departmental risks that impact multiple Festival delivery partners.

A risk summary is provided to the Board and ARAC where items are escalated for support, decision or action as appropriate.

Information Risk

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

Governance Statement (continued)

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 effectively in relation to a number of the risks faced by the Company. The programme also included embedded assurance activity which targeted the Company's risk management and mitigation process. This was completed on a real time basis allowing the Company to react quickly to identified findings.

There are currently three programmes still in progress: (i) dissolution, (ii) commission closedown and (iii) evaluation.

The findings of internal audit reports are considered by the EMT, the senior managers and those team members impacted or with associated accountabilities, as well as the ARAC. Greater scrutiny is given to any reports that are high risk with respect to either the design of controls or their operational effectiveness. Actions are agreed by management in response to all recommendations made, and progress against these will be reported to each ARAC meeting. The team work to address and close all internal findings as they arise.

Fraud and error

The Company has a zero-tolerance policy on fraud, malpractice and corruption. The Company has 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. Controls are in place to ensure risk areas are appropriately responded to.

The Company are not aware of any frauds in the period.

Remuneration Report

Remuneration Strategy

The Board had delegated the review of workforce and remuneration matters to a sub-group, chaired by Dame Vikki Heywood DBE and attended by two Non-Executive Directors. The review group had met twice during the period to review relevant policies, strategies and recruitment data pertaining to the Company.

The Company has a detailed workforce budget which is regularly reviewed and challenged by the EMT. 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, it aimed to recruit a workforce that is reflective of the city and the region.

Directors' Remuneration

The Directors received the following remuneration in the period (table below is audited information).

The Chair of the board receives a salary.

	18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
Directors' emoluments (including benefits in kind)	30	15
Total emoluments received in the period	30	15

Executive Team Members (audited information)

UNBOXED EMT members are employed by Festival 2022 Limited's parent company Birmingham Organising Committee for the 2022 Commonwealth Games Limited.

A proportion of the remuneration of unboxed Executive Management Teams' roles being Chief Executive Officer, Chief Legal Officer, Chief Financial Officer, Chief Creative Officer and Festival Executive Director are recharged to the UNBOXED. In the period to September 2022 the total recharge was £326,941 (excluding VAT) (2021: £212,877).

Staff composition

	18-month period ended 30 September 2022		11-month period ended 31 March 2021	
	Male	Female	Male	Female
Employees	20	61	9	19

Staff turnover in the period to 30 September 2022 was 27% (2021: 7%).

Travel and Expenses (audited information)

During the period the Company paid travel and subsistence costs of £251,500 (2021: £1,157). The increase comes from the commissions going live and employees travelling to live sites. All travel and expenses were approved in line with the travel and expenses policy.

Festival 2022 Limited

Remuneration Report (continued)**Sickness Days**

During the period to 30 September 2022 the Company lost 98 days (2021: 10.5 days) to sickness absence. The average sick days per employee during the period was 1.6 days (2021: 0.8 days).

Staff Exit Packages

There were no (2021: none) staff exit packages paid out during the period.

Trade Unions

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

Fair Pay Disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The EMT are not remunerated by the Company and therefore the Company has disclosed the relationship between the highest paid member of the Organising Committee and the lower quartile, median and upper quartile remuneration of the Company's workforce. This information can be found in the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd Consolidated Report and Financial Statements for the 18-month period ended 30 September 2022.

Off-payroll Engagements

During the period payments of £331,094 (2021: £91,220) were made to contractors.

As at 30 September 2022 there were no off-payroll engagements for more than £245 a day and that last for longer than six months.

Statement of Directors' and Accounting Officer's responsibilities

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

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

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

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

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

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

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

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

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



Dame Vikki Heywood DBE
Chair on behalf of Board
08 December 2022



Ian Reid
Chief Executive Officer
08 December 2022

Independent Auditor's report to the Members of the Festival 2022 Limited

Opinion on financial statements

I have audited the financial statements of Festival 2022 Limited ('the Company') for the 18-month period ended 30 September 2022. The financial statements comprise:

- The Statement of Profit and Loss and Comprehensive Income for the 18-month period ended 30 September 2022;
- The Statement of Financial Position as at 30 September 2022;
- The Statement of Changes in Equity for the 18-month period ended 30 September 2022;
- The Statement of Cash Flows for the 18-month period ended 30 September 2022; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the Company and its affairs as at 30 September 2022 and their results for the 18-month period then ended; and
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – basis of preparation: the financial statements are prepared on a basis other than going concern

I draw attention to section 1.2 'Going Concern' of Note 1 to the financial statements which explains that the directors intend for the Company to enter Member's Voluntary Liquidation in the first quarter of the 2023 calendar year and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in section 1.2 'basis of preparation – break up' of Note 1. My opinion is not modified in respect of this matter.

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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies 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 Festival 2022 Limited (cont.)

Other Information

The other information comprises information included in the Report being part of the "Report and Financial Statements" but does not include 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 the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of the audit:

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements; and
- the information given in the Strategic Report and the Directors' Report for the 18-month period for which the financial statements are prepared is consistent with the financial statements.

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 Strategic Report or the Directors' Report.

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 my 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 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
- a corporate governance statement has not been prepared by the parent company; 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:

Independent Auditor's report to the Members of the Festival 2022 Limited (cont.)

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the 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 the 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I considered the following:

- the nature of the sector, control environment and operational performance including the design of the Company's accounting policies.
- 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 Company's controls relating to the Company's compliance with the Companies Act 2006 and Managing Public Money;
- discussing among the engagement team including relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent Auditor's report to the Members of the Festival 2022 Limited (cont.)

As a result of these procedures, I considered the opportunities and incentives that may exist within the Company for fraud and identified the greatest potential for fraud in the following areas: commissioned expenditure, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Company's framework of authority as well as other legal and regulatory frameworks in which the Company operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations I considered in this context included the Companies Act 2006 and Managing Public Money.

In addition, I considered commissioning expenditure.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- 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; and
- testing the completeness of commissioned expenditure.

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

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. This description forms part of my report.

Other auditor's responsibilities

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.

Festival 2022 Limited



Greg Wilson (Senior Statutory Auditor)

15 December 2022

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 18-month period ended 30 September 2022

	Note	18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
Income			
Grant income	3	67,340	7,402
Income	4	2,341	-
Total income		69,681	7,402
Administrative expenses	5	(69,681)	(7,402)
Result before taxation		-	-
Taxation	9	-	-
Result for the financial period		-	-
Total comprehensive income for the financial period		-	-

The Company's result for the period is derived from operations that ceased during the period. The notes on pages 29 to 37 form part of these Financial Statements.

Company registered number: 12581221

Festival 2022 Limited

Statement of Financial Position

As at 30 September 2022

	Note	30 September 2022 £000	31 March 2021 £000
Assets			
Cash and cash equivalents	13	799	1,566
Trade and other receivables	10	1,436	-
Total assets		2,235	1,566
Liabilities			
Trade and other payables	11	(1,972)	(1,566)
Provisions	12	(263)	-
Total liabilities		(2,235)	(1,566)
Net assets		-	-
Equity			
Profit and loss reserve		-	-
Total equity		-	-

The notes on pages 29 to 37 form part of these Financial Statements.

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



Dame Vikki Heywood DBE
Chair on behalf of the Board



Ian Reid
Chief Executive Officer and Accounting Officer

Company registered number: 12581221

Festival 2022 Limited

Statement of Changes in Equity
For the 18-month period ended 30 September 2022

	Profit and loss reserve £000	Total equity £000
On incorporation	-	-
Result for the financial period	-	-
Balance at 31 March 2021 and 1 April 2021	-	-
Result for the financial period	-	-
Balance at 30 September 2022	-	-

The notes on pages 29 to 37 form part of these Financial Statements.

Company registered number: 12581221

Festival 2022 Limited

Statement of Cash Flows
For the 18-month period ended 30 September 2022

		18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
	Note		
Cash flows from operating activities			
Result for the financial period		-	-
<i>Adjustments for:</i>			
Increase in trade and other receivables	10	(1,436)	-
Increase in trade and other payables	11	406	1,566
Increase in provisions	12	263	-
Net cash (outflow)/inflow from operating activities		(767)	1,566
Net (decrease)/increase in cash and cash equivalents		(767)	1,566
Cash and cash equivalents at start of financial period		1,566	-
Cash and cash equivalents at 30 September 2022		799	1,566

The notes on pages 29 to 37 form part of these Financial Statements.

Company registered number: 12581221

Notes to the Financial Statements for the 18-month period ended 30 September **(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 as adopted by the United Kingdom (IFRSs) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as published by the International Accounting Standards Board (IASB). 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 Festival 2022 ("the Festival").

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

Festival 2022 Limited has been established as a special purpose vehicle and will operate for a limited period of time and, once the Festival 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 and workforce.

The Company intends to enter Member's Voluntary Liquidation in the first quarter of 2023 hence the Company has adopted the break-up basis of preparation for these Financial Statements. In accordance with the International Financial Reporting standards. 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 1.5 critical accounting estimates.

Notes to the Financial Statements for the 18-month period ended 30 September 2022 (continued)

1 Accounting policies (continued)

1.4 New standards, interpretations and amendments not yet effective

Certain new accounting standards and interpretations have been published that are mandatory for 30 September 2022 reporting periods, however none of these standards or interpretations have had a material impact on the financial statements of the Company.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2022 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 been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current period.

1.5 Changes in accounting policies

As per note 1.2, the Company intends to enter Member's Voluntary Liquidation in the first quarter of 2023, hence the Company has adopted the break-up basis of preparation for these Financial Statements. As a consequence, the Company has presented its Statement of Financial Position on a liquidity basis as allowed under IAS 1.

1.6 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, in line with IAS 20, 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.

1.7 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.

1.8 Taxation

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the countries where the Company operates and generates income.

Notes to the Financial Statements for the 18-month period ended 30 September 2022 (continued)

1 Accounting policies (continued)

1.9 Trade and other receivables

Trade and other receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

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

1.11 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.

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.

2 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.

The Company has recognised commissioning expenditure related to long term contracts from the Festival commissions based on invoices received and best estimates of the costs of contracted deliverables as at 30 September 2022.

The Company is funded by a Grant from DCMS and has received a grant from British Council. The Company has recognised grant income on a systematic basis in accordance with the expenditure the Company incurs in line with IAS 20.

3 Grant Income

An analysis of funding per body is given below:

	18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
Department for Digital, Culture, Media and Sport – Grant	67,340	7,402

Grant funding recognised from The Department of Digital, Culture, Media and Sport during the period was £67,339,504 (2021: £7,401,607). During the period £64,785,426 (2021: £8,447,515) of cash was received.

Notes to the Financial Statements for the 18-month period ended 30 September 2022 (continued)

4 Income

An analysis of income is given below:

	18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
Other income	2,341	-

Other income is mainly from contributions from the Welsh Government and Visit Scotland.

5 Administration expenses

	18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
Accommodation costs	80	-
Retention costs	263	-
Overlay and equipment costs	30	-
Creative commissioning costs	54,364	5,284
Payroll costs	4,144	660
Staff recharges from parent company	358	343
Professional services	809	249
Information technology costs	155	225
Operations costs	1,740	211
Marketing and advertising	6,463	178
Recruitment costs	93	74
Rent and rates	440	63
Seconded	-	58
Other admin expenses	742	57
	69,681	7,402

Staff recharges includes the remuneration of members of the EMT who are employed by OC and a recharge of costs for shared services support staff.

Notes to the Financial Statements for the 18-month period ended 30 September 2022 (continued)

6 Auditor's remuneration

	18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
<i>Amounts receivable by auditor and their associates in respect of:</i>		
Audit of these financial statements	55	36

7 Remuneration of directors

	18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
Directors' emoluments (including benefits in kind)	30	15

The emoluments of the highest paid director were £30,000 (2021: £15,000). Company pension contributions amounting to £Nil (2021: £Nil) were made for this director.

Additional information on remuneration is included within the Remuneration Report.

8 Average number of employees

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

	18-month period ended 30 September 2022 Number of employees	11-month period ended 31 March 2021 Number of employees
Administration and management	61	14

The number of staff employed at 30 September 2022 is 81 (2021: 28). This excludes the executive team who are employed by Festival 2022 Limited's parent company, Birmingham Organising Committee for the 2022 Commonwealth Games Ltd.

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

	18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
Wages and salaries	3,471	550
Social security costs	403	65
Other pension costs (note 15)	270	45
	4,144	660

Notes to the Financial Statements for the 18-month period ended 30 September 2022 (continued)

9 Taxation

(a) Analysis of taxation in period recognised in the Statement of Profit and Loss and Other Comprehensive Income

	18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
<i>UK corporation tax</i>		
Current tax on result for the period	-	-
Total current taxation	-	-
Total taxation	-	-

No liability to UK corporation tax arose for the period ended 30 September 2022 (2021: £Nil) 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 period.

(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% (2021: 19%). The actual taxation for the current period does not differ from the standard rate as set out in the following reconciliation:

	18-month period ended 30 September 2022 £000	11-month period ended 31 March 2021 £000
Result before taxation	-	-
Taxation calculated at UK standard rate of corporation tax of 19% (2021: 19%)	-	-
Total taxation	-	-

(c) Factors affecting future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023.

Notes to the Financial Statements for the 18-month period ended 30 September 2022 (continued)

10 Trade and other receivables falling due within one year

	30 September 2022 £000	31 March 2021 £000
Accrued income	1,436	-

11 Trade and other payables falling due within one year

	30 September 2022 £000	31 March 2021 £000
Trade payables	179	179
Deferred income – DCMS	-	1,046
Deferred income – British Council	-	250
Other payables	34	1
VAT payable	3	-
Accrued expenses	1,756	90
	1,972	1,566

12 Provisions

	HR £000	Total £000
As 1 April 2020	-	-
Charged to the profit or loss	-	-
Unwinding of discount	-	-
At 31 March 2021	-	-
Due within one year	-	-
Due over one year	-	-
	HR £000	Total £000
As 1 April 2021	-	-
Charged to the profit or loss	263	263
Unwinding of discount	-	-
At 30 September 2022	263	263
Due within one year	263	263
Due over one year	-	-

On the 31 January 2022, the Company announced its Enhanced Severance Payment (HR in the above table) for all eligible employees which has been approved by HMT. Amounts are payable on employee end dates until the Company's dissolution date for which the liquidation process will commence from in the first quarter of 2023.

Notes to the Financial Statements for the 18-month period ended 30 September 2022 (continued)

13 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	30 September 2022 £000	31 March 2021 £000
Assets		
Other financial assets measured at amortised cost:		
Cash and cash equivalents	799	1,566
Trade and other receivables	1,436	-
	2,235	1,566
Liabilities		
Other financial liabilities measured at amortised cost:		
Trade and other payables	(1,969)	(270)
Provisions	(263)	-
	(2,232)	(270)

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 income to cover its obligations.

Analysis of contractual cash flow maturities 30 September 2022

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
Trade & other payables	1,969	1,969	1,969	-	-	-
Provisions	263	263	263	-	-	-

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
Trade & other payables	270	270	270	-	-	-

Credit risk

Credit risk is the risk that the Company will not receive funding due. The Company receives Grant income to cover its obligations.

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 funding.

Interest rate risk

Interest Rate risk is considered to be low as the Company does not hold large cash balances or borrowings as it receives Grant 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 to the Financial Statements for the 18-month period ended 30 September 2022 (continued)

14 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.

Financial commitments of £5,521,073 (excluding VAT) (2021: £1,232,738) are contracted with the project teams commissioned for the Festival at 30 September 2022.

15 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 £269,899 (2021: £45,038). There were £Nil (2021: £Nil) of outstanding contributions at the end of the financial period.

16 Related party transactions

During the period the Company received £64,785,426 (2021: £8,447,515) from The Department of Culture Media and Sport (DCMS). £67,339,504 from note 3 (2021: £7,401,607) was recognised as income in the period. The Secretary of State is a person with significant control.

The Company's Parent Company, Birmingham Organising Committee for the 2022 Commonwealth Games Limited, recharged £5,398,999 (2021: £1,627,234) in the period to September 2022 related to supplier invoices paid on behalf of Festival 2022 Limited during its set up period and other recharges such as payroll. At 30 September 2022 there is a creditor balance of £33,647 (2021: £932).

The spouse of Dame Vikki Heywood DBE, Chair of the Board, is Chair of National Theatre Wales. National Theatre Wales has been commissioned to produce a project for the Festival. Costs of £609,144 were incurred in the period to September 2022 (2021: £230,531). There was £Nil outstanding balance at 30 September 2022 (2021: £Nil). Dame Vikki Heywood DBE was not involved in the assessment and selection of the Creative Teams. See remuneration report for further details on Dame Vikki Heywood DBE's remuneration.

Bridget McConnell, non-executive director, is Chief Executive of Glasgow Life. Celtic Connections, part of Glasgow Life, is the lead organisation for one of the commissioned projects. Celtic Connections has received commission fees of £407,940 in the period to 30 September 2022 (2021: £210,000) and had an outstanding creditor balance of £Nil at 30 September 2022 (2021: £90,000). Bridget McConnell was not involved in the assessment and selection of the Creative Teams.

17 Controlling Party

The Company's immediate parent company is Birmingham Organising Committee for the 2022 Commonwealth Games Ltd which is a Non-Departmental Arm's Length Body of DCMS. The relationship between Birmingham Organising Committee for the 2022 Commonwealth Games Ltd and DCMS is managed through a Management Agreement.

The largest and smallest group in which the results of the Company is consolidated is that headed by Birmingham Organising Committee for the 2022 Commonwealth Games Ltd. The financial statements for Birmingham Organising Committee for the 2022 Commonwealth Games Ltd can be obtained from One Brindley Place, Brindley Place, Birmingham, B1 2JB.