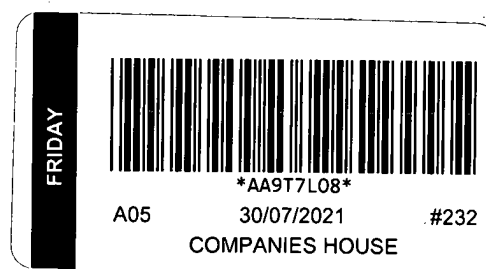


Festival 2022 Limited
Report and Financial Statements for the
11-month period ended 31 March 2021



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Officers and Professional Advisors

Chair: Dame Vikki Heywood DBE

Chief Executive Officer: Ian Reid

Directors: Margaret Aderin MBE
Amali De Alwis MBE
Bernard Hannaway
Dame Vikki Heywood DBE
Priya Lakhani OBE
Roger Lewis
Bridget McConnell CBE
Roger Mosey
Hayaatun Sillem CBE
Robert Smith MBE
Mary Stuart
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 first Report and Financial Statements for Festival 2022 Limited ("the Company"). The Report and Accounts have been prepared in a format set out by the Department for Digital, Culture, Media and Sport ("DCMS").

Festival UK* 2022 ("the Festival") is a UK-wide celebration of creativity and innovation. Ten ground-breaking new commissions will bring people together and showcase our creativity to the world. The Festival will take place in 2022 across England, Northern Ireland, Scotland and Wales, through a blend 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. The Festival is led by Chief Creative Officer, Martin Green CBE and the Company has appointed an independent Board to oversee the Festival, with representatives of all four nations, and a wide range of expertise.

UK Government has allocated a budget of £93.1m 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 is 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. Together, the partners have commissioned an exciting programme of new collaborations developed by creative minds drawn from across science, technology, engineering, arts and mathematics (STEAM).

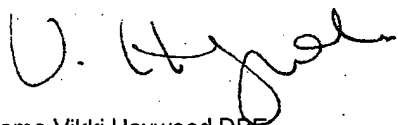
The ten commissions selected for the creative programme were devised through an innovative research and development (R&D) project, launched in September 2020 and concluding with the announcement of the successful creative teams in March 2021. The R&D project invested in 30 creative teams and supported more than 500 organisations and individuals to take part (including over 100 freelancers and self-employed creatives). Delivered at distance due to the impact of COVID-19, the R&D itself was a powerful example of collaboration between sectors and a testament to the imagination, creativity, and passion of the individuals working in them during a time of great uncertainty.

In addition to commissioning the Festival's creative programme, the Company has established the governance structures, policies and procedures required of a new special purpose vehicle. As a subsidiary, the Company is benefitting from a shared operating environment with the Organising Committee and at the end of March 2021, 28 employees had been recruited to work at the Company.

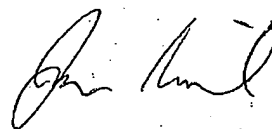
COVID-19 remains an ongoing issue, the full impact of which is yet to be fully understood at a regional, national and global level, which means a more uncertain planning environment going forward.

The Executive Management Team (EMT), under the strategic direction of the Board, have developed strong internal processes to identify and evaluate the emerging risks at the earliest opportunity and has put in place 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, our team is determined to deliver a programme that engages and inspires people across the UK, and will create a legacy of impact and memories that will last long after the Festival has taken place.



Dame Vikki Heywood DBE
Chair on behalf of Board
6 July 2021



Ian Reid
Chief Executive Officer
6 July 2021

Strategic Report

The Directors are pleased to present their strategic report for the 11-month period ended on 31 March 2021.

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 Annual 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 £93.1m 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. The Company has engaged Martin Green CBE (who is an existing employee of the Organising Committee) to act as the Festival's Chief Creative Officer.

This set of financial statements covers the first 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 have 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 will focus 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**.

Business review

During the period, the Company has successfully completed the set-up of the organisation, including the formation of the Company's Board and delivery team.

A number of important milestones have been met during the period, primarily relating to the development of the creative programme, which was completed between September 2020 and March 2021.

The R&D project invested in 30 creative teams and supported more than 500 organisations and individuals to take part (including over 100 freelancers and self-employed creatives). Delivered at distance due to the impact of COVID-19, the R&D itself was a powerful example of collaboration between sectors and a testament to the imagination, creativity, and passion of the individuals working in them during a time of great uncertainty. From the R&D project 10 teams have been selected and will be commissioned to deliver their project for the Festival. The selected teams are:

- 59 Productions Collective;
- Aproxima Arts Collective;
- Collective Act;
- Collective Cymru, led by National Theatre Wales;
- Nelly Ben Hayoun Studios Collective;
- Nerve Centre Collective;
- NEWSUBSTANCE Collective;
- StoryFutures Collective;
- Trigger Collective; and
- Walk the Plank Collective.

The main objectives for the coming year include:

- Finalising the full Commissioning Plans for each of the 10 Festival projects;
- Continued recruitment of Festival roles across the partnership and delivery teams;
- Agreeing the locations for live activity across England, Northern Ireland, Scotland and Wales;
- Defining digital engagement activity, broadcast and technology innovation across the Festival;
- Establishing the name and brand of the Festival (the interim working title being: Festival UK* 2022);
- Building the communications, marketing, and digital strategy;
- Commencing community and schools' engagement work;
- Defining evaluation plans and the benefits realisation framework for the Festival;
- Launching the Festival to the public;
- Completing pre-production to enable Festival commissions to go live from March 2022 onwards;
- Ongoing COVID-19 scenario planning; and
- Delivery of the live production of the Festival from March 2022.

The Company will continue to undertake detailed operational planning, resource scoping and partnership working to support the successful delivery of the Festival.

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	2020/21 Commentary	RAG Status
Selection of 10 major Commissions and productions.	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.	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 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 31 March 2021 were within the expected budget. The team continues to recruit key roles to ensure the Company has sufficient resource to deliver the Festival and support the commissioned projects.	Green

Principal risks and uncertainties

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

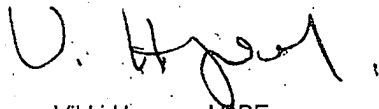
The Festival is delivered in partnership across the UK with funding and support from all four Governments. The Company is responsible for ensuring the programme is delivered at arm's length to the agreed strategic objectives and that the content is politically neutral. This is facilitated by a signed 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 is working with the Organising Committee on an established COVID-19 Scenario Planning Framework for evaluation of the impact of COVID-19 on the Festival. A schedule of review points has been agreed to ascertain status and allow appropriate steps to be taken within the programme and procurement schedule to create flexibility in the final delivery solution.

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

The Company continues to monitor the risk impact of COVID-19 on the business and is regularly reporting to the Audit and Risk Assurance Committee (ARAC) and Board on status.

By order of the Board



Dame Vikki Heywood DBE
Chair on behalf of Board
6 July 2021

One Brindley place
Birmingham
B1 2JB

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 11-month period ended 31 March 2021. The Governance Statement set out on pages 10 to 13 forms part of this report.

The Company was incorporated and commenced activity on 1 May 2020, and this is the first financial period for which financial statements are being prepared by the Company.

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:

Margaret Aderin MBE (appointed 1 September 2020)
Amali De Alwis MBE (appointed 1 September 2020)
Bernard Hannaway (appointed 1 September 2020)
Dame Vikki Heywood DBE (appointed 1 September 2020)
Priya Lakhani OBE (appointed 1 September 2020)
Roger Lewis (appointed 4 November 2020)
Bridget McConnell CBE (appointed 4 November 2020)
Roger Mosey (appointed 5 March 2021)
Hayaatun Sillem CBE (appointed 1 September 2020)
Robert Smith MBE (appointed 1 September 2020)
Mary Stuart (appointed 5 March 2021)
Faraz Tasnim (appointed 1 September 2020)
Ian Reid (appointed 1 May 2020, resigned 1 September 2020)

Directors' Report (continued)

Financial Results

The result for the period is detailed on page 21.

The most significant expenditure items during the period were £3.6m of payments made to the 30 teams that took part in the R&D programme to develop ideas for commissions for the Festival and initial funding of £1.5m to the ten selected projects. Other expenditure mainly relates to workforce and marketing.

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.

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.

EU Exit

The Company has taken the appropriate measures to ensure that Festival 2022 Limited operates as usual by assessing the principal risks and uncertainties facing the business, by reviewing any significant judgements made within the financial statements and the going concern assessment within 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.

A lifetime budget up to financial year 2022/2023 has been approved by HM Treasury and the Company is delivering in line with its budgets, therefore in accordance with the International Financial Reporting standards it has been concluded as appropriate to adopt the going concern basis of preparation for these Financial Statements, as the Company will have sufficient financial resources to meet its liabilities as they fall due. The Company has assessed the impact of COVID 19 and concluded it has sufficient funding to remain a Going Concern for 12 months from the approval of the accounts.

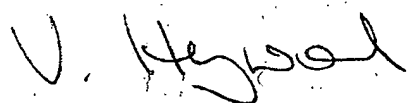
Disclosure of information to auditor

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 auditor will be deemed to be reappointed and the National Audit Office will therefore continue in office.

By order of the Board



Dame Vikki Heywood DBE
Chair on behalf of Board
6 July 2021

One Brindley Place
Birmingham
B1 2JB

Governance Statement

This statement sets out the governance structures, risk management and internal control procedures which the Company had in place during the 11-month period ended 31 March 2021. It also covers future plans in place to ensure the Company is in the best place strategically to deliver the Festival.

Delivering the Festival is a 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 Festival.

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 four 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;
- specific Festival approvals (e.g. major procurement contracts); and
- the lifetime budget for the Festival.

Governance Statement (continued)

Board attendance for period to 31 March 2021

Board Member	Sep-20	Nov-20	Dec-20	Mar-21	Attendance
Dame Vikki Heywood DBE	✓	✓	✓	✓	4 out of 4
Ian Reid*	✓	N/A	N/A	N/A	1 out of 1
Amali de Alwis MBE	✓	✓	✓	✓	4 out of 4
Dr. Hayaatun Sillem CBE	✓	✓	✓	✓	4 out of 4
Dr. Maggie Aderin-Pocock MBE	✓	✓	✓	✓	4 out of 4
Faraz Tasnim	✓	✓	✓	✓	4 out of 4
Bernard Hannaway	✓	✓	✓	✓	4 out of 4
Priya Lakhani OBE	✓	✓	✓	✓	4 out of 4
Rob Smith MBE	✓	✓	✓	✓	4 out of 4
Bridget McConnell CBE	N/A	✓	✓	✓	3 out of 3
Roger Lewis**	N/A	✓	x	✓	2 out of 3
Roger Mosey***	N/A	N/A	N/A	✓	1 out of 1
Mary Stuart***	N/A	N/A	N/A	x	0 out of 1

* Resigned from Board at the September meeting

** Appointed to the Board November 2020

*** Appointed to the Board March 2021

Sub Committees of the Board

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



Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) provides independent oversight of the financial control framework; reviews and recommends the financial statements to the Board, 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 meets regularly with the Company's Accounting Officer, members of the Executive Board, the internal auditors and the National Audit Office to discuss issues and assess the ARAC's performance to ensure that it is fulfilling its objectives and remit.

Governance Statement (continued)

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 considers external and internal audit plans and reports. During the period, the Company appointed an internal auditor and a work programme was developed and initiated for 2020/21. An audit plan for 2021/22 has been developed and audit work has commenced.

ARAC attendance for the period to 31 March 2021

ARAC Committee Member	Dec-20	Jan-21	Feb-21	Mar-21	Attendance
Faraz Tasnim	✓	✓	✓	✓	4 out of 4
Amali de Alwis	✓	✓	✓	x	3 out of 4
Bernard Hannaway	✓	✓	✓	✓	4 out of 4
Roger Lewis	✓	✓	✓	✓	4 out of 4

Declaration of interests

All Board members have disclosed their range of interests in order to minimise conflicts.

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.

Policies and Procedures

The Company now 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 are as follows:

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

Governance Statement (continued)

Risk Management Summary

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 / 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.

Internal Audit

In February 2021, the Company appointed PricewaterhouseCoopers LLP (PwC) to carry out its Internal Audit Function on behalf of the Board. A programme of internal audit work was prepared and agreed with the EMT and the ARAC. This programme is designed to give assurance that appropriate controls have been designed and are operating correctly in relation to a number of the risks faced by the Company. Following this appointment an audit of the commissioning process for the selection of the Festival projects was completed and a full programme of internal audit activity for 2021/22 designed. The full programme will include reviews of shared service controls, compliance with policies and processes, portfolio management and a review of the full commissioning agreements.

The findings of internal audit reports are considered by the EMT, the senior managers and teams concerned 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.

Remuneration Report

Remuneration Strategy

The Board has 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 has met three times 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 will aim to recruit a workforce that is reflective of the city and the region.

Directors' Remuneration

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

The Chair of the board receives a salary.

The Chief Executive served as a director between May 2020 and September 2020. During this period the Chief Executive did not receive any remuneration relating to the directorship.

	2021 £000
Directors' emoluments (including benefits in kind)	15
Total emoluments received in the period	15

Executive Team Members (audited information)

During the period, Festival 2022 formed its EMT of which all 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 Festival 2022 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 Festival. In the period to March 2021 the total recharge was £212,877 (excluding VAT).

Staff Composition

	Festival 2022 Limited	
	Male	Female
Employees	9	19

Staff turnover in the period to 31 March 2021 was 7%

Remuneration Report (continued)

Travel and Expenses (audited information)

During the period the Company paid travel and subsistence costs of £1,157.

Sickness Days

During the period to 31 March 2021 the Company lost 10.5 days to sickness absence. The average sick days per employee during the period was 0.8 days.

Staff Exit Packages

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

Trade Unions

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

Hutton Fair Pay Disclosures

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. 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 median remuneration of the Company's workforce. During the period, the banded remuneration of the highest paid member of the EMT was £190,000-194,999 per annum (excluding employer pension contributions). For period ended 31 March 2021 this was 4.28 times the median remuneration of the annualised workforce as at 31 March 2021, which equated to £45,000.

Off-payroll Engagements

During the period payments of £91,220 were made to contractors.

As at 31 March 2021 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
6 July 2021

Ian Reid
Chief Executive Officer
6 July 2021

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 for the 11 month period ended 31 March 2021 which comprise the company Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of the result for the period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of 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 for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Festival 2022 Limited 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.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Festival 2022 Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Festival 2022 Limited's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other Information

The other information comprises information included in the Officers and Professional Advisors, Chair and Chief Executive's Foreword, Strategic Report, Directors' Report, Governance Statement, Remuneration Report and Statement of Directors' and Accounting Officer's responsibilities, 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. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 2006.
- the information given in the Strategic and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Festival 2022 Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Officers and Professional Advisors, Chair and Chief Executive's Foreword, Strategic Report, Directors' Report, Governance Statement, Remuneration Report and Statement of Directors' and Accounting Officer's responsibilities.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in 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 Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the directors for the financial statements

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

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

- 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 is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Festival 2022 Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included the following:

- Inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Festival 2022 Limited'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 Festival 2022 Limited's controls relating to the Companies Act 2006 and Managing Public Money.
- discussing among the engagement team and involving relevant internal specialists from the Practice Quality team, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals;
- obtaining an understanding of Festival 2022 Limited's framework of authority as well as other legal and regulatory frameworks that the Festival 2022 Limited operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Festival 2022 Limited. The key laws and regulations I considered in this context included the Companies Act 2006, Managing Public Money, Employment Law and tax Legislation.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;

**Independent Auditor's report to the Members of the Festival 2022 Limited
(continued)**

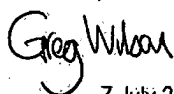
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness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

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

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.

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

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



7 July 2021

Greg Wilson (Senior Statutory Auditor)

7 July 2021

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

**Statement of Profit and Loss and Other Comprehensive Income
for the 11-month period ended 31 March 2021**

	Note	11-month period ended 31 March 2021 £000
Grant income	2	7,402
Administrative expenses	3	(7,402)
Profit before taxation		-
Taxation	7	-
Profit for the financial period		-
Total comprehensive income for the financial period		-

The Company's result for the period is derived from continuing operations. The notes on pages 25 to 33 form part of these Financial Statements.

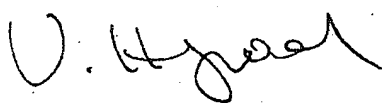
Company registered number: 12581221

Statement of Financial Position
As at 31 March 2021

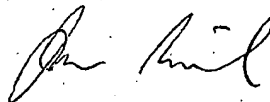
	Note	2021 £000
Current assets		
Cash and cash equivalents	12	1,566
Total current assets		1,566
Current liabilities		
Trade and other payables	8	(1,566)
Total current liabilities		(1,566)
Net current assets		-
Net assets		-
Profit and loss reserve		-
Total equity		-

The notes on pages 25 to 33 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
6 July 2021



Ian Reid
Chief Executive Officer and Accounting Officer
6 July 2021

Company registered number: 12581221.

Statement of Changes in Equity
for the period ended 31 March 2021

	Profit and loss reserve £000	Total equity £000
On incorporation 1 May 2020	-	-
Profit for the period	-	-
Balance at 31 March 2021	-	-

The notes on pages 25 to 33 form part of these Financial Statements.

Company registered number: 12581221.

Statement of Cash Flows
for the period ended 31 March 2021

	Note	11-month period ended 31 March 2021 £000
Cash flows from operating activities		
Profit for the period		-
<i>Adjustments for:</i>		
Increase in trade and other payables	8	1,566
Tax paid		-
Net cash inflow from operating activities		1,566
Net increase in cash and cash equivalents	12	1,566
Cash and cash equivalents at start of financial period		-
Cash and cash equivalents at 31 March 2021		1,566

The notes on pages 25 to 33 form part of these Financial Statements.

Company registered number: 12581221.

Notes to the Financial Statements for the period ended 31 March 2021 (forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation

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

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

The principal activity of the Company is the planning, organising, staging and operating of Festival 2022 ("the Festival").

These financial statements are prepared based on an 11-month period and are the first set of accounts, so there is no comparative information. 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.

A lifetime budget up to financial year 2022/2023 has been approved by HM Treasury and the Company is delivering in line with its budgets, therefore in accordance with the International Financial Reporting Standards it has been concluded as appropriate to adopt the going concern basis of preparation for these Financial Statements, as the Company will have sufficient financial resources to meet its liabilities as they fall due. The Company has assessed the impact of COVID 19 and concluded it has sufficient funding to remain a Going Concern for 12 months from the approval of the accounts.

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 period ended 31 March 2021 (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 not mandatory for 31 March 2021 reporting periods:

- IFRS 17 Insurance Contracts – Effective 1 January 2023
- Covid-19-related Rent Concessions – Amendments to IFRS 16 – Effective 1 June 2020
- 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 or future reporting periods and on foreseeable future transactions.

1.5 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 best estimates of the costs of contracted deliverables.

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.

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.

Grant Income in the period represents funding from HM Government and British Council.

Notes to the Financial Statements for the period ended 31 March 2021 (continued)**1 Accounting policies (continued)****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 charge or credit for taxation is based on the interest receivable for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

1.9 Cash and cash equivalents

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

1.10 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 Grant Income

An analysis of funding per body is given below:

	11-month period ended 31 March 2021 £000
Department for Digital, Culture, Media and Sport – Grant	7,402
	7,402

Grant funding recognised from The Department of Digital, Culture, Media and Sport during the period was £7,401,607. During the period £8,447,515 of cash was received.

Notes to the Financial Statements for the period ended 31 March 2021 (continued)**3 Administration expenses**

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

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

4 Auditor's remuneration

	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	36

Notes to the Financial Statements for the period ended 31 March 2021 (continued)**5 Remuneration of directors**

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

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

Additional information on remuneration is included within the Remuneration Report.

6 Average number of employees

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

	11-month period ended 31 March 2021 Number of employees
Administration and management	14

The number of staff employed at 31 March 2021 is 28. This excludes the executive team who are employed by Festival 2022 Limited's parent company, Birmingham Organising Committee for the 2022 Commonwealth Games Limited.

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

	11-month period ended 31 March 2021 £000
Wages and salaries	550
Social security costs	65
Other pension costs (note 11)	45
	660

Notes to the Financial Statements for the period ended 31 March 2021 (continued)**7 Taxation****(a) Analysis of taxation in period recognised in the Statement of Profit and Loss and Other Comprehensive Income**

	11-month period ended 31 March 2021 £000
<i>UK corporation tax</i>	
Current tax on income for the period	-
Total current taxation	-
<i>Total deferred tax</i>	
Origination and reversal of timing differences	-
Effect of changes in tax rates	-
Total deferred taxation	-
Total taxation	-

No liability to UK corporation tax arose for the period ended 31 March 2021 as the Company did not undertake any taxable trading activities. A tax charge can arise on interest income, although this is not relevant for the current 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%. The actual taxation for the current period differs from the standard rate for the reasons set out in the following reconciliation:

	11-month period ended 31 March 2021 £000
Profit before taxation	-
Taxation calculated at UK standard rate of corporation tax of 19%	-
Total taxation	-

(c) Factors affecting future tax charges

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

Notes to the Financial Statements for the period ended 31 March 2021 (continued)**8 Trade and other payables falling due within one year**

	2021 £000
Trade payables	179
Deferred income – DCMS	1,046
Deferred Income – British Council	250
Other payables	1
Accrued expenses	90
	1,566

9 Financial instruments***Carrying amount of financial instruments***

The carrying amounts of the financial assets and liabilities include:

	2021 £000
Current Assets	
Other financial assets measured at amortised cost:	
Cash and cash equivalents	1,566
	1,566
Current liabilities	
Other financial liabilities measures at amortised cost:	
Trade and other payables	(270)
	(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.

Credit Risk

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

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	-	-	-

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.

Notes to the Financial Statements for the period ended 31 March 2021 (continued)**Foreign currency financial assets and liabilities**

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

10 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 £1,232,738 (excluding VAT) are contracted with the project teams commissioned for the Festival at 31 March 2021.

11 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 £45,038. There were £Nil of outstanding contributions at the end of the financial period.

12 Analysis of changes in net debt

	2021 £000
Cash and cash equivalents	1,566
	1,566

	On incorporation £000	Cash flow £000	Other non cash changes £000	Exchange movement £000	At 31 March 2021 £000
Cash at bank and in hand	-	1,566	-	-	1,566
Total	-	1,566	-	-	1,566

13 Post balance sheet events

There are no post balance events.

Notes to the Financial Statements for the period ended 31 March 2021 (continued)

14 Related party transactions

During the period the Company received £8,447,515 from The Department of Culture Media and Sport (DCMS). £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 £1,627,234 in the period to March 2021 related to supplier invoices paid on behalf of Festival 2022 Limited during its set up period and other recharges such as payroll. At 31 March 2021 there is a creditor balance of £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 £230,531 were incurred in the period to March 2021. There was no outstanding balance at 31 March 2021. Dame Vikki Heywood DBE was not involved in the assessment and selection of the Creative Teams.

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 £210,000 in the period to 31 March 2021 and had an outstanding creditor balance of £90,000 at 31 March 2021. Bridget McConnell was not involved in the assessment and selection of the Creative Teams.

15 Controlling Party

The Company's immediate parent company is Birmingham Organising Committee for the 2022 Commonwealth Games Limited which is a Non-Departmental Arm's Length Body of DCMS. The relationship between Birmingham Organising Committee for the 2022 Commonwealth Games Limited 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 Limited. The financial statements for Birmingham Organising Committee for the 2022 Commonwealth Games Limited can be obtained from One Brindley Place, Brindley Place, Birmingham, B1 2JB.