

# **Commonwealth Sport Foundation**

Trustees' Report and Financial Statements

Year ended 31<sup>st</sup> March 2023

Charity Number 1173238

**Company Number 10363544**

Draft

# Commonwealth Sport Foundation

## Report and financial statements for the year ended 31<sup>st</sup> March 2023

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# Commonwealth Sport Foundation

## Legal and administrative information

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### Trustees

Dame Louise L Martin CBE  
Christopher J Jenkins  
Jeya Wilson  
Gurpreet Bhatia DL  
Kylie Bates (appointed 16 June 2022)  
Christian N Brodie (resigned 17 October 2022)  
Baroness Tanni Grey-Thompson (resigned 31 August 2022)  
Robert Bayigamba (appointed 7 August 2023)

### Registered Charity Number

1173238 (England and Wales)

### Company Number (a company limited by guarantee)

10363544

### Principal Address

8 Storeys Gate  
London  
England  
SW1P 3AY

### Auditor

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

### Solicitors

Bates Wells  
10 Queen Street Place  
London  
EC4R 1AG

### Bankers

HSBC  
City of London Corporate Centre Level 6  
71 Queen Victoria Street  
London  
EC4V 4AY

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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The Trustees present their report along with the financial statements of the Commonwealth Sport Foundation ("CSF") for the year ended 31 March 2023. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### Structure, Governance and Management

The primary purpose of the CSF is to support Sport for Development initiatives across the Commonwealth in line with the Commonwealth Sport Movement's values.

The Trustees who have served during the year and since the year end are set out on page 1. Christopher Jenkins was appointed Chair on 17 October 2022. Trustees are recruited through an open application process (advertised on the Commonwealth Games Federation's (CGF) website and all appointments are formally approved by the Commonwealth Games Federation (CGF) as sole member of CSF.

The Chair of the Board of Trustees is responsible for the induction of any new Trustee which involves awareness of a Trustee's responsibilities, the governing document, administrative procedures, the history, and philosophical approach of the charity. New Trustees receive copies of the previous years' annual report and accounts and a copy of the Charity Commission leaflet 'The Essential Trustee: What You Need to Know'. Trustees' responsibilities include the requirement to provide all appropriate information to the external auditors, Haysmacintyre LLP on request.

The CSF is updating its strategy and business plan in readiness for the next Commonwealth Games in 2026, with a clearer message to donors. However, work has been scaled back whilst a host for the 2026 Commonwealth Games is sought by the Commonwealth Games Federation.

The interim Executive Director's secondment to CSF ended August 31<sup>st</sup>, and CGF's Director of Strategy, Legacy and Partnerships is now supporting the CSF. A Head of Safeguarding for the Commonwealth Sport Movement joined in July 2022 for a two-year fixed term and is a shared role between CSF and the CGF. An interim Head of Philanthropy joined in March 2022 for six months on a part time basis, this contract concluded after the Birmingham 2022 Commonwealth Games.

The Trustees meet quarterly, and currently meet virtually due to Trustees being resident in multiple countries. An Audit and Risk Committee meets quarterly chaired by Jeya Wilson, with oversight of audit, risk and financial management. Ad hoc matters that arise between scheduled Board meetings are reviewed as required via email or virtual meeting throughout the year, and any immediate issues or points for discussion are dealt with as necessary.

The Trustees are aware of their responsibilities for ensuring the charity operates for the public benefit and are cognisant of the Charity Commission guidance in this area. The sections of this report relating to the CSF's charitable activities set out how we further achieve our charitable purpose for public benefit and to support our missions and aims to promote sport for development initiatives in the Commonwealth. Advice is sought from our legal advisor Bates Wells when necessary to ensure that the charity purpose is being achieved.

CSF received an unrestricted donation of £111,122 from Birmingham 2022, income from tickets and merchandise, as a charity partner of Birmingham 2022.

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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### Risk Management

The Trustees oversee all risk for CSF, with the Audit and Risk Committee taking on management of our risk framework. Third Party indemnity insurance is in place for the Trustees. Trustees consider the principal risks to be; the lack of, or delay in securing, a Host for future Commonwealth Games; use of grants awarded to third party organisations and the associated reputational risk that could arise from the use of funds by third parties for unapproved activities outside of the charity's objectives; lack of diversified income from multiple sources. Looking forward to future fundraising, the economic impact of COVID-19 delayed the quantum and timing of donations and support. The CSF is re-focussing its fund-raising activity, with an increased emphasis towards grant awarding bodies within the foundation and government sectors, in addition to its philanthropic supports.

The Trustees have continued the appointment of Haysmacintyre LLP as external auditor.

The Trustees note that all programmes supported by the CSF undergo a thorough review of funding applications presented, to ensure the proposed activities meet the charity's objectives. Grant agreements are in place to oversee all conditions associated with any approved grant and ensure appropriate due diligence. The Trustees report that there are appropriate measures in place to monitor and review programme oversight.

For all programmes supported via funding received from the UK Government's Department of Digital, Culture, Media and Sport, the Birmingham 2022 Development Working Group provides additional oversight to these programmes. The Birmingham 2022 Development Working Group comprises members from relevant stakeholders, including Birmingham 2022, UK Sport and an athlete representative, which are themselves subject to a high level of public scrutiny and audit.

### Objectives and Activities

The objectives of the CSF are for the public benefit:

- to promote community participation in health recreation by providing facilities for participating in healthy sports ("facilities" means land, buildings, equipment and organising sporting events);
- provide and assist in providing facilities for sport, recreation or other leisure time occupation of such persons who have need for such facilities by reason of their youth, age, infirmity or disablement, poverty or social or economic circumstance or for the public at large in the interests of social welfare and with the object of improving their conditions of life;
- to relieve people with physical sensory and mental disabilities by encouraging and facilitating their participation in sporting activities, sporting programmes and assisting in the provision of training, facilities and equipment;
- to advance the education of children and young people; and
- to advance any other purpose that is charitable in accordance with the laws of England and Wales.

Through the CSF an opportunity exists to use sport as an inclusive and inspiring catalyst for creating peaceful, sustainable and prosperous communities across the Commonwealth. The CSF's work addresses some of the world's largest challenges and supports sport-focused projects covering five priority impact areas: Youth Empowerment; Equal Rights; Historical Injustice; Small States and Island States; and Sustainable Cities and Communities. Our five priority areas are centred around sport and informed by our unique Commonwealth geography, diversity and shared history. We believe that Sport is just the beginning.

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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### Objectives and Activities (continued)

The Trustees report that in the year CSF has supported eight programmes, including;

- **Game Changers** - Programming for Commonwealth Games Associations to leverage and to support socially focused initiatives to achieve impact locally. While encouraging a partnerships approach, sustainable programming will focus on Commonwealth Games Associations (CGA) identified needs – education, equality, skills, leadership, communities, climate change etc. 43 CGAs successfully delivered activities with 17 being awarded additional funding to extend the life of their projects. A significant proportion of CGAs worked with a partner who provided additional funding for the projects.
- **Commonwealth Sport Women's Leadership Programme** - Supporting 23 women from the Commonwealth on their personal development journeys to being strong role models and agents of change that guide the next generation of women in sport. By awarding scholarships, we are supporting emerging female leaders to access appropriate educational and experiential opportunities which will empower them as leaders for equal rights within their sport and communities. CSF is working with University of Birmingham and Association of Commonwealth Universities to provide mentoring support for the participants.
- **eqUIP** - Commonwealth Sport Youth Leadership, a Commonwealth wide approach to develop youth leaders through internship and employment opportunities empowering them to make a positive contribution to communities through sport. All regions of the Commonwealth are participating with 42 interns over the year. In partnership with Birmingham 2022 Organising Committee 12 equip interns worked at the Commonwealth Games.
- **GAPS Commonwealth Athlete Inclusion Programme**, aims to advance inclusive sport pathways by offering athletes and coaches additional skills, knowledge and resources that become a catalyst for positive social change and strengthens Commonwealth Family bonds. The programme ran a series of camps with partners, as soon as Covid travel restrictions allowed, with 31 countries and 188 athletes and coaches participating. Several of the athletes qualified for the Commonwealth Games seeing an 55% uplift in CGAs competing at the Commonwealth Games. The programme held its first youth focused camp in March 23.
- **B2022 Jobs and Skills Academy (JSA)** - Delivered by West Midlands Combined Authority and Birmingham 2022 Organising Committee, targeted those who may have been less likely otherwise to have accessed Games roles. The JSA supported 472 local people with training, including higher level skills training and high-quality work within Games related roles, as a stepping-stone into further employment post-Games.
- **B2022 Bring the Power** - Birmingham 2022's Youth Programme created pathways for children and young people to get closer to the Games and be a part of this once in a lifetime celebration of sport and culture. The Birmingham Connect project and Unlocking the Games portions of the programme were funded by CSF. Birmingham Connect was a schools project encouraging social mixing from diverse communities. Unlocking the Games allowed 5000 children in care and their carers to attend the Games and funded the Birmingham Children's Trust sports event.
- **Pride House** - Creating a safe space and welcoming, inclusive environment for LGBTIQ+ athletes, staff, at the Birmingham 2022 Commonwealth Games. For the first time, Pride House had a presence in the Athletes' Village, the pop up stations were set up at the three Birmingham 2022 Villages - The University of Birmingham, The University of Warwick, and The NEC Hotel Campus.
- **The Princes Trust** - Three Youth Summits, the events were held increasing young people's awareness and engagement in the Commonwealth Games informing a youth manifesto with recommendations for future Games.

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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### Grants

Grants awarded this year are related to the Birmingham 2022 Games of £40,000 (2022 - £190,000), Commonwealth Women's Leadership Program of £75,025 (2022 - £85,000), Game changers of £108,063 (2022 - £71,410), Pride house of £nil (2022 - £50,000), GAPS of £30,292 (2022 - £nil), eqUIP of £117,587 (2022 - £nil), Youth Development £11,688 (2022 - £nil) and Prince's Trust of £25,000 for the year (2022 - £50,000).

### Charitable Activities

During the year, the Trustees authorised payments for programmes and associated managerial costs totalling £1,715,197 (2022 - £1,287,218).

### Achievements and Performance

During the year, the Trustees supported a range of very successful programmes and initiatives, Game Changers, GAPS, eqUIP, Pride House and the Commonwealth Sport Women's Leadership Programme, all programmes are operational in all six Commonwealth regions.

### Funds Development

The CSF was successful in applying for grants to support its activities.

During the financial year, the CSF undertook a series of awareness events with selected donor prospects around the Commonwealth Games. CSF was one of three official charity partners of the Birmingham 2022 Games and received donations from purchasers of Games tickets and merchandise.

The CSF successfully applied to UK Sport for additional funding for GAPs in Americas and Caribbean.

### Financial Review

The CSF has a loan facility with CGF as the CSF transitions from Birmingham 2022 to the 2026 Commonwealth Games where CSF will be the charity partner of choice.

The total funds of the CSF at 31st March 2023 stood at £242,432 (2022 - £1,664,092). Of this, £200,794 (2022 - £194,045) are negative unrestricted reserves. This position is underwritten by the loan from the CGF, and the reserve level is being monitored closely by Trustees whilst ongoing expenditure has currently been reviewed and reduced as appropriate. The restricted reserves are restricted to support sport and development within the commonwealth. The Trustees will continue to monitor the level of general reserves of the Trust to assess the level of grant making in the future.

During the year, the CSF received income of £333,096 (2022 - £1,878,585), of which £111,122 (2022 - £2,585) represents unrestricted funds. A total of £1,754,756 (2022 - £1,376,146) was committed to charitable activities and related expenditure. This total excluded governance costs of £38,864 (2022 - £88,928).

The CSF has a Reserves Policy which states that the reserves are set at a level covering grant commitments, other obligations and 12 months of operations including salaries of staff directly employed by CSF and any staff seconded from any other organisation. This has been considered at the year end and is deemed appropriate with the reduced ongoing activity planned in the year ahead and a loan guarantee provided by the CGF.

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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### Plans for Future Periods

The top organisational priorities for 2023-24 are summarised below.

- Governance: manage risk and meet statutory and compliance obligations;
- Legacy: maximise the success and positive impact of Birmingham 2022, start planning with the 2026 Commonwealth Games host once awarded;
- Fundraising: establish financial stability through generation of restricted and unrestricted funds; and
- Impact: deliver prioritised strategic projects, partnerships and communications in line with the CSF's mission

The Trustees will continue to fulfil the objectives of the CSF by applying all future income to fund projects that aim to support Commonwealth communities via sport for development initiatives. A new Theory of Change and Impact Framework will be created to aid identification of projects, decision making, monitoring of impact and reporting, and collated CSF impact. The Trustees will continue to monitor the success of the projects they have funded in earlier periods and review and revise plans according to requisite funding opportunities.

### Trustees' Responsibilities in Relation to the Financial Statements

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102 the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the charity's financial position at the end of the year. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply consistently;
- Make judgements and estimates that are reasonable and prudent;
- Observe the methods and principles in the Charities Statement of Recognised Practice;
- State whether applicable accounting standards and statements of recommended practice have been followed subject to any departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees that served during the year were Dame Louise L Martin DBE, Christopher J Jenkins, Jeya Wilson, Gurpreet Bhatia DL, Kylie Bates, Christian N Brodie, Baroness Tanni Grey-Thompson and Robert Bayigamba.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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### Post Balance Sheet Events and Going Concern

On 17th July 2023, the Victorian Government decided to withdraw from their agreement to host the 2026 Commonwealth Games. As this decision was made after the Balance Sheet date, in terms of UK GAAP financial reporting standards, this is a non adjusting post balance sheet event and is not recognised in these financial statements. The impact of this is being closely monitored by Trustees with particular focus on the appointment by the CGF of a Host for 2026 and future iterations of the Commonwealth Games, future donor and fundraising opportunities. It should be noted, however, that although the Games provide a funding opportunity for the CSF, it is not reliant on direct source income from a host.

The loan guarantee provided by the CGF provides the CSF with a stable financial position to continue for the foreseeable future and therefore the going concern basis of accounting is appropriate for these annual financial statements and there are no material uncertainties relating to the going concern.

Approved by the Trustees and signed on their behalf:

.....  
**Christopher J Jenkins**

Trustee

Date: .....

# Commonwealth Sport Foundation

## Independent auditor's report to the members of the Commonwealth Sport Foundation (TBC)

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### Opinion

We have audited the financial statements of Commonwealth Sport Foundation for the year ended 31 March 2023 which comprise the Statement of financial Activities, the Balance Sheet, the Statement of Cash flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Commonwealth Sport Foundation

## Independent auditor's report to the members of the Commonwealth Sport Foundation (TBC)

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### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Our 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 an auditor's report that includes our 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.

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements of the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

# Commonwealth Sport Foundation

## Independent auditor's report to the members of the Commonwealth Sport Foundation (TBC)

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We evaluated management's opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in certain accounting estimates and judgements such as the income recognition policy applied to grant income. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates including review of how grant income has been recognised at the year end.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

.....  
Thomas Wilson (Senior Statutory Auditor)  
**For and on behalf of Haysmacintyre LLP**

10 Queen Street Place  
London  
EC4R 1AG

Date: .....

# Commonwealth Sport Foundation

## Statement of financial activities for the year ended 31 March 2023

|                                                    | Note | Unrestricted Funds |                  | Restricted Funds |                  | Total Funds      |                  |
|----------------------------------------------------|------|--------------------|------------------|------------------|------------------|------------------|------------------|
|                                                    |      | 2023               | 2022             | 2023             | 2022             | 2023             | 2022             |
|                                                    |      | £                  | £                | £                | £                | £                | £                |
| <b>Income from:</b>                                |      |                    |                  |                  |                  |                  |                  |
| Other income                                       | 2    | 111,122            | 2,585            | 221,974          | 1,876,000        | 333,096          | 1,878,585        |
|                                                    |      |                    |                  |                  |                  |                  |                  |
| <b>Total income</b>                                |      | <u>111,122</u>     | <u>2,585</u>     | <u>221,974</u>   | <u>1,876,000</u> | <u>333,096</u>   | <u>1,878,585</u> |
|                                                    |      |                    |                  |                  |                  |                  |                  |
| <b>Expenditure on:</b>                             |      |                    |                  |                  |                  |                  |                  |
| Charitable expenditure                             | 3    | 117,871            | 196,630          | 1,636,885        | 1,179,516        | 1,754,756        | 1,376,146        |
|                                                    |      |                    |                  |                  |                  |                  |                  |
| <b>Total expenditure</b>                           | 3    | <u>117,871</u>     | <u>196,630</u>   | <u>1,636,885</u> | <u>1,179,516</u> | <u>1,754,756</u> | <u>1,376,146</u> |
|                                                    |      |                    |                  |                  |                  |                  |                  |
| <b>Net movement in funds</b>                       |      | (6,749)            | (194,045)        | (1,414,911)      | 696,484          | (1,421,660)      | 502,439          |
| Funds balances brought forward at 1 April          |      | (194,045)          | -                | 1,858,137        | 1,161,653        | 1,664,092        | 1,161,653        |
|                                                    |      |                    |                  |                  |                  |                  |                  |
| <b>Funds carried forward 31<sup>st</sup> March</b> |      | <u>(200,794)</u>   | <u>(194,045)</u> | <u>443,226</u>   | <u>1,858,137</u> | <u>242,432</u>   | <u>1,664,092</u> |

All amounts relate to continuing activities.

The CSF had no recognised gains or losses for the financial year and as such a statement of other comprehensive income has not been prepared.

The notes on pages 14 to 19 form part of these financial statements.

# Commonwealth Sport Foundation

## Charity balance sheet as at 31 March 2023

| Charity Number 1173238<br>Company Number 10363544     |                | Note | Charity<br>2023<br>£ | Charity<br>2022<br>£   |
|-------------------------------------------------------|----------------|------|----------------------|------------------------|
| <b>Current assets</b>                                 |                |      |                      |                        |
| Cash at bank                                          |                |      | 621,781              | 283,188                |
| Debtors                                               |                | 6    | 51                   | 1,750,000              |
|                                                       |                |      |                      |                        |
| <b>Creditors: amounts falling due within one year</b> |                | 7    | 621,832<br>(379,400) | 2,033,188<br>(369,096) |
|                                                       |                |      |                      |                        |
| <b>Net current assets</b>                             |                |      | 242,432              | 1,664,092              |
| <b>Total assets less current liabilities</b>          |                |      | 242,432              | 1,664,092              |
|                                                       |                |      |                      |                        |
| <b>Total net assets</b>                               |                |      | 242,432              | 1,664,092              |
|                                                       |                |      |                      |                        |
| <b>Income funds</b>                                   |                |      |                      |                        |
| Unrestricted funds                                    | - unrestricted | 10   | (200,794)            | (194,045)              |
|                                                       | - restricted   | 10   | 443,226              | 1,858,137              |
|                                                       |                |      |                      |                        |
|                                                       |                |      | 242,432              | 1,664,092              |

Approved by the Trustees and authorised for issue on

and signed on their behalf by:

.....  
**Christopher J Jenkins**

The notes on pages 14 to 19 form part of these financial statements.

# Commonwealth Sport Foundation

## Charity cash flow statement as at 31 March 2023

|                                                             | Note                 | Charity<br>2023<br>£ | Charity<br>2022<br>£  |
|-------------------------------------------------------------|----------------------|----------------------|-----------------------|
| <b>Cash flow from operating activities</b>                  |                      |                      |                       |
| Net movement in funds for the year                          |                      | (1,421,660)          | 502,439               |
| Decrease/(increase) in trade and other receivables          | 6                    | 1,749,949            | (1,750,000)           |
| Increase in trade and other payables                        | 7                    | 10,304               | 202,709               |
| <b>Net cash movement from operating activities</b>          |                      | <b>338,593</b>       | <b>(1,044,852)</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |                      | <b>338,593</b>       | <b>(1,044,852)</b>    |
| Cash and cash equivalents at beginning of the year          |                      | 283,188              | 1,328,040             |
| Cash and cash equivalents at the end of the year            |                      | <b>621,781</b>       | <b>283,188</b>        |
| <b>Net Debt</b>                                             |                      |                      |                       |
|                                                             | At 1 April 2022<br>£ | Cash inflows<br>£    | At 31 March 2023<br>£ |
| <b>Cash and cash equivalents</b>                            |                      |                      |                       |
| Cash at bank                                                | 283,188              | 338,593              | 621,781               |
|                                                             | <b>283,188</b>       | <b>338,593</b>       | <b>621,781</b>        |

The notes on pages 14 to 19 form part of these financial statements.

# Commonwealth Sport Foundation

## Notes forming part of the financial statements for year ended 31 March 2023

### 1 Accounting policies

The CSF was incorporated in the UK on 7 September 2016 and was registered as a Charity in England and Wales on 1 June 2017. Details of the company information can be found in page 1.

#### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and comply with the charity's trust deed, the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except as disclosed in the accounting policies which indicate that certain items are shown at fair value.

The presentation currency of these financial statements is sterling (GBP).

All amounts in the financial statements have been rounded to the nearest pound (£).

#### **Significant judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

#### **Income**

Grant income is recognised once the trust has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Where there are terms or conditions attached to a grant, then these terms or conditions must be met before the income is recognised as the entitlement condition will not be satisfied until that point. Where terms or conditions have not been met or uncertainty exists as to whether they can be met then the relevant income is not recognised in the year but deferred and shown on the balance sheet as deferred income.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Restricted funds**

Where funds are received for specific purposes set out by the donor, these are shown as restricted income in the statement of financial activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds.

# Commonwealth Sport Foundation

## Notes forming part of the financial statements for year ended 31 March 2023 (*continued*)

### 1 Accounting policies (continued)

#### **Unrestricted funds**

Unrestricted funds are donations and other incoming resources received or generated for general charitable purposes.

#### **Going concern**

The revenue streams of the CSF are linked to the grant agreements arrangements referenced above and the cost-base is flexible in line with these arrangements. The Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The CSF therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Expenditure**

Expenditure is accounted for when it is incurred with sufficient reliability that the cost can be measured and will be due and payable within the accounting period.

#### **Support costs policy**

Support costs, as summarised in notes 3 and 4, are allocated in accordance with the underlying entities to which they relate.

All costs attributable to the operation and day-to-day running of the CSF, including professional fees, insurance, irrecoverable VAT and storage costs, are disclosed within 'Charitable expenditure' and allocated against each category on a pro rata basis, proportional to the grants, issued in each category as a percentage of total grants awarded.

Governance costs comprise those costs incurred in the governance of the CSF and its assets and are primarily associated with constitutional and statutory requirements.

### 2 Income

|                                   | 2023<br>£ | 2022<br>£ |
|-----------------------------------|-----------|-----------|
| Grant Receipts - Restricted       | 221,974   | 1,876,000 |
| Donations Receipts - Unrestricted | 111,122   | 2,585     |
|                                   | <hr/>     | <hr/>     |
|                                   | 333,096   | 1,878,585 |
|                                   | <hr/>     | <hr/>     |

There were grants received during the year of £333,096 (2022 - £1,878,585) of which £111,122 (2022 - £2,585) was unrestricted and £221,974 (2022 - £1,876,000) was restricted.

# Commonwealth Sport Foundation

## Notes forming part of the financial statements For year ended 31 March 2023 (continued)

### 3 Expenditure

|                                                      | Direct charitable costs |                       |                        |                       | Support costs  |                | Governance costs |               | Total costs      |                  |
|------------------------------------------------------|-------------------------|-----------------------|------------------------|-----------------------|----------------|----------------|------------------|---------------|------------------|------------------|
|                                                      | 2023<br>£               | 2023<br>£             | 2022<br>£              | 2022<br>£             | 2023<br>£      | 2022<br>£      | 2023<br>£        | 2022<br>£     | 2023<br>£        | 2022<br>£        |
| Charitable expenditure                               | Grants to institutions  | Grants to individuals | Grants to institutions | Grants to individuals |                |                |                  |               |                  |                  |
| Commonwealth Athlete Inclusion Programme (GAPS)      | 837,023                 | 105,448               | 312,308                | 67,199                | 136,572        | 53,035         | 24,439           | 29,882        | 1,103,482        | 462,424          |
| Commonwealth Sport Youth Leadership – CommYL (eqUIP) | 279,124                 | 5,649                 | 110,957                | 31,185                | 41,266         | 19,863         | 7,385            | 11,192        | 333,424          | 173,197          |
| Youth & Athlete Impact                               | 65,000                  | -                     | 330,733                | 6,897                 | 9,419          | 47,183         | 1,686            | 26,585        | 76,105           | 411,398          |
| Awareness and Advocacy                               | -                       | -                     | -                      | -                     | -              | -              | -                | -             | -                | -                |
| Outreach and Patnrship                               | 116,301                 | -                     | 118,200                | 6,552                 | 16,853         | 17,434         | 3,016            | 9,823         | 136,170          | 152,009          |
| CWLP                                                 | 75,170                  | 15,000                | 95,359                 | -                     | 13,067         | 13,326         | 2,338            | 7,509         | 105,575          | 116,194          |
| Pride sport                                          | -                       | -                     | 50,000                 | -                     | -              | 6,987          | -                | 3,937         | -                | 60,924           |
|                                                      | <b>1,372,618</b>        | <b>126,097</b>        | <b>1,017,557</b>       | <b>111,833</b>        | <b>217,177</b> | <b>157,828</b> | <b>38,864</b>    | <b>88,928</b> | <b>1,754,756</b> | <b>1,376,146</b> |

Charitable expenditure was £1,754,756 (2022 - £1,376,146) of which £117,871 (2022 - £196,630) was unrestricted, £1,636,885 (2022 - £1,179,516) was restricted.

The CSF had no employees during the year (2022 - none).

### 4 Support costs

|                               | 2023<br>£      | 2022<br>£      |
|-------------------------------|----------------|----------------|
| Management and administration | <b>217,177</b> | <b>157,828</b> |
|                               | <b>217,177</b> | <b>157,828</b> |

The support costs include an allocation of restricted and unrestricted project specific costs for the administration of the projects supported by the CSF during the year and related bank and exchange fees.

### 5 Governance

|                 | 2023<br>£     | 2022<br>£     |
|-----------------|---------------|---------------|
| Audit fees      | <b>4,440</b>  | <b>4,200</b>  |
| Accounting fees | <b>24,780</b> | <b>17,800</b> |
| Legal fees      | <b>9,644</b>  | <b>66,928</b> |
|                 | <b>38,864</b> | <b>88,928</b> |

# Commonwealth Sport Foundation

Notes forming part of the financial statements  
for year ended 31 March 2023 (continued)

## 6 Debtors

|                              | 2023<br>£ | 2022<br>£        |
|------------------------------|-----------|------------------|
| Prepayments & accrued income | 51        | 1,750,000        |
|                              | <u>51</u> | <u>1,750,000</u> |

## 7 Creditors

|                              | 2023<br>£      | 2022<br>£      |
|------------------------------|----------------|----------------|
| Amounts owed to group entity | 368,231        | 258,351        |
| Accruals and deferred income | 11,169         | 110,745        |
|                              | <u>379,400</u> | <u>369,096</u> |

## 8 Statement of funds

|                     | Fund balances<br>brought<br>forward<br>£ | Income<br>£           | Expenditure<br>£          | Fund<br>balances<br>carried<br>forward<br>£ |
|---------------------|------------------------------------------|-----------------------|---------------------------|---------------------------------------------|
| <b>Restricted:</b>  |                                          |                       |                           |                                             |
| DCMS                | 1,790,629                                | 59,874                | (1,560,978)               | 289,525                                     |
| UK Sport            | 36,176                                   | 65,000                | (7,481)                   | 93,695                                      |
| Oak Foundation      | 31,332                                   | 97,100                | (68,426)                  | 60,006                                      |
| <b>Unrestricted</b> | <u>(194,045)</u>                         | <u>111,122</u>        | <u>(117,871)</u>          | <u>(200,794)</u>                            |
| Total funds         | <u><b>1,664,092</b></u>                  | <u><b>333,096</b></u> | <u><b>(1,754,756)</b></u> | <u><b>242,432</b></u>                       |

*Restricted funds:*

The Trustees recognize the grants received during the year as restricted funds to support Sport and Development within the Commonwealth.

The purpose of restricted funds included:

- DCMS:- supporting sport and development programmes across the Commonwealth,
- UK Sport:- supporting GAPS Africa programme,
- Oak Foundation:- supporting the Head of Safeguarding post and associated projects,
- Wates Foundation:- supporting fundraising and strategic planning.

All of the charity's net assets from its inception until 31 March 2023 were held in restricted funds.

# Commonwealth Sport Foundation

## Notes forming part of the financial statements for year ended 31 March 2023 (continued)

### 9 Transactions concerning Trustees

During the year, none of the Trustees (or any person connected to them) received any remuneration. Two Trustees were reimbursed expenses totalling £381 (2022 - none).

### 10 Analysis of net assets between funds

|                                       | Unrestricted Funds |                  | Restricted Funds |                  | Total          |                  |
|---------------------------------------|--------------------|------------------|------------------|------------------|----------------|------------------|
|                                       | 2023<br>£          | 2022<br>£        | 2023<br>£        | 2022<br>£        | 2023<br>£      | 2022<br>£        |
| Current assets                        | 500,975            | 2,585            | 120,857          | 2,030,603        | 621,832        | 2,033,188        |
| Creditors falling due within one year | (57,749)           | (196,630)        | (321,651)        | (172,466)        | (379,400)      | (369,096)        |
|                                       | <u>443,226</u>     | <u>(194,045)</u> | <u>(200,794)</u> | <u>1,858,137</u> | <u>242,432</u> | <u>1,664,092</u> |

### 11 Ultimate parent undertaking and controlling party

The ultimate parent controlling party of the CSF, as its sole member, is the Commonwealth Games Federation, a company limited by guarantee in the UK.

Copies of the consolidated financial statements can be obtained from CGF at: 8 Storeys Gate London England SW1P 3AY.

### 12 Related party transactions

CGF is a private company limited by guarantee. As at 31 March 2023, the CSF owed £368,231 (2022 - £258,351) to CGF due to intercompany transactions carried out in the year.

These transactions relate to CSF expenses paid by CGF. See table below for the movement in the year relating to amounts owed to CGF:

|                                   | 2023<br>£             | 2022<br>£             |
|-----------------------------------|-----------------------|-----------------------|
| Balance at start of the year      | 258,351               | 69,137                |
| Contractors & programme costs     | 319,826               | 359,232               |
| Payments made during the year     | (209,946)             | (170,018)             |
| <b>Balance at end of the year</b> | <b><u>368,231</u></b> | <b><u>258,351</u></b> |

There were no further related party transactions during the year or prior year that require disclosure.

# Commonwealth Sport Foundation

## Notes forming part of the financial statements for year ended 31 March 2023 (*continued*)

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### 13 Post balance sheet events and going concern

In July 2023, the Victorian Government announced its decision to withdraw from hosting the 2026 Games. As this decision was made after the Balance Sheet date, in terms of UK GAAP financial reporting standards, this is a non adjusting post balance sheet event and is not recognised in these financial statements. The impact of this is being closely monitored by Trustees with particular focus on the appointment by the CGF of a Host for 2026 and future iterations of the Commonwealth Games, future donor and fundraising opportunities. It should be noted, however, that although the Games provide a funding opportunity for the CSF, it is not reliant on direct source income from a host.

The loan guarantee provided by the CGF provides the CSF with a stable financial position to continue for the foreseeable future and therefore the going concern basis of accounting is appropriate for these annual financial statements and there are no material uncertainties relating to the going concern.

# **Commonwealth Sport Foundation**

Trustees' Report and Financial Statements

Year ended 31<sup>st</sup> March 2023

Charity Number 1173238

**Company Number 10363544**

Draft

# Commonwealth Sport Foundation

## Report and financial statements for the year ended 31<sup>st</sup> March 2023

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# Commonwealth Sport Foundation

## Legal and administrative information

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### Trustees

Dame Louise L Martin CBE  
Christopher J Jenkins  
Jeya Wilson  
Gurpreet Bhatia DL  
Kylie Bates (appointed 16 June 2022)  
Christian N Brodie (resigned 17 October 2022)  
Baroness Tanni Grey-Thompson (resigned 31 August 2022)  
Robert Bayigamba (appointed 7 August 2023)

### Registered Charity Number

1173238 (England and Wales)

### Company Number (a company limited by guarantee)

10363544

### Principal Address

8 Storeys Gate  
London  
England  
SW1P 3AY

### Auditor

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

### Solicitors

Bates Wells  
10 Queen Street Place  
London  
EC4R 1AG

### Bankers

HSBC  
City of London Corporate Centre Level 6  
71 Queen Victoria Street  
London  
EC4V 4AY

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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The Trustees present their report along with the financial statements of the Commonwealth Sport Foundation ("CSF") for the year ended 31 March 2023. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### Structure, Governance and Management

The primary purpose of the CSF is to support Sport for Development initiatives across the Commonwealth in line with the Commonwealth Sport Movement's values.

The Trustees who have served during the year and since the year end are set out on page 1. Christopher Jenkins was appointed Chair on 17 October 2022. Trustees are recruited through an open application process (advertised on the Commonwealth Games Federation's (CGF) website and all appointments are formally approved by the Commonwealth Games Federation (CGF) as sole member of CSF.

The Chair of the Board of Trustees is responsible for the induction of any new Trustee which involves awareness of a Trustee's responsibilities, the governing document, administrative procedures, the history, and philosophical approach of the charity. New Trustees receive copies of the previous years' annual report and accounts and a copy of the Charity Commission leaflet 'The Essential Trustee: What You Need to Know'. Trustees' responsibilities include the requirement to provide all appropriate information to the external auditors, Haysmacintyre LLP on request.

The CSF is updating its strategy and business plan in readiness for the next Commonwealth Games in 2026, with a clearer message to donors. However, work has been scaled back whilst a host for the 2026 Commonwealth Games is sought by the Commonwealth Games Federation.

The interim Executive Director's secondment to CSF ended August 31<sup>st</sup>, and CGF's Director of Strategy, Legacy and Partnerships is now supporting the CSF. A Head of Safeguarding for the Commonwealth Sport Movement joined in July 2022 for a two-year fixed term and is a shared role between CSF and the CGF. An interim Head of Philanthropy joined in March 2022 for six months on a part time basis, this contract concluded after the Birmingham 2022 Commonwealth Games.

The Trustees meet quarterly, and currently meet virtually due to Trustees being resident in multiple countries. An Audit and Risk Committee meets quarterly chaired by Jeya Wilson, with oversight of audit, risk and financial management. Ad hoc matters that arise between scheduled Board meetings are reviewed as required via email or virtual meeting throughout the year, and any immediate issues or points for discussion are dealt with as necessary.

The Trustees are aware of their responsibilities for ensuring the charity operates for the public benefit and are cognisant of the Charity Commission guidance in this area. The sections of this report relating to the CSF's charitable activities set out how we further achieve our charitable purpose for public benefit and to support our missions and aims to promote sport for development initiatives in the Commonwealth. Advice is sought from our legal advisor Bates Wells when necessary to ensure that the charity purpose is being achieved.

CSF received an unrestricted donation of £111,122 from Birmingham 2022, income from tickets and merchandise, as a charity partner of Birmingham 2022.

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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### Risk Management

The Trustees oversee all risk for CSF, with the Audit and Risk Committee taking on management of our risk framework. Third Party indemnity insurance is in place for the Trustees. Trustees consider the principal risks to be; the lack of, or delay in securing, a Host for future Commonwealth Games; use of grants awarded to third party organisations and the associated reputational risk that could arise from the use of funds by third parties for unapproved activities outside of the charity's objectives; lack of diversified income from multiple sources. Looking forward to future fundraising, the economic impact of COVID-19 delayed the quantum and timing of donations and support. The CSF is re-focussing its fund-raising activity, with an increased emphasis towards grant awarding bodies within the foundation and government sectors, in addition to its philanthropic supports.

The Trustees have continued the appointment of Haysmacintyre LLP as external auditor.

The Trustees note that all programmes supported by the CSF undergo a thorough review of funding applications presented, to ensure the proposed activities meet the charity's objectives. Grant agreements are in place to oversee all conditions associated with any approved grant and ensure appropriate due diligence. The Trustees report that there are appropriate measures in place to monitor and review programme oversight.

For all programmes supported via funding received from the UK Government's Department of Digital, Culture, Media and Sport, the Birmingham 2022 Development Working Group provides additional oversight to these programmes. The Birmingham 2022 Development Working Group comprises members from relevant stakeholders, including Birmingham 2022, UK Sport and an athlete representative, which are themselves subject to a high level of public scrutiny and audit.

### Objectives and Activities

The objectives of the CSF are for the public benefit:

- to promote community participation in health recreation by providing facilities for participating in healthy sports ("facilities" means land, buildings, equipment and organising sporting events);
- provide and assist in providing facilities for sport, recreation or other leisure time occupation of such persons who have need for such facilities by reason of their youth, age, infirmity or disablement, poverty or social or economic circumstance or for the public at large in the interests of social welfare and with the object of improving their conditions of life;
- to relieve people with physical sensory and mental disabilities by encouraging and facilitating their participation in sporting activities, sporting programmes and assisting in the provision of training, facilities and equipment;
- to advance the education of children and young people; and
- to advance any other purpose that is charitable in accordance with the laws of England and Wales.

Through the CSF an opportunity exists to use sport as an inclusive and inspiring catalyst for creating peaceful, sustainable and prosperous communities across the Commonwealth. The CSF's work addresses some of the world's largest challenges and supports sport-focused projects covering five priority impact areas: Youth Empowerment; Equal Rights; Historical Injustice; Small States and Island States; and Sustainable Cities and Communities. Our five priority areas are centred around sport and informed by our unique Commonwealth geography, diversity and shared history. We believe that Sport is just the beginning.

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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### Objectives and Activities (continued)

The Trustees report that in the year CSF has supported eight programmes, including;

- **Game Changers** - Programming for Commonwealth Games Associations to leverage and to support socially focused initiatives to achieve impact locally. While encouraging a partnerships approach, sustainable programming will focus on Commonwealth Games Associations (CGA) identified needs – education, equality, skills, leadership, communities, climate change etc. 43 CGAs successfully delivered activities with 17 being awarded additional funding to extend the life of their projects. A significant proportion of CGAs worked with a partner who provided additional funding for the projects.
- **Commonwealth Sport Women's Leadership Programme** - Supporting 23 women from the Commonwealth on their personal development journeys to being strong role models and agents of change that guide the next generation of women in sport. By awarding scholarships, we are supporting emerging female leaders to access appropriate educational and experiential opportunities which will empower them as leaders for equal rights within their sport and communities. CSF is working with University of Birmingham and Association of Commonwealth Universities to provide mentoring support for the participants.
- **eqUIP** - Commonwealth Sport Youth Leadership, a Commonwealth wide approach to develop youth leaders through internship and employment opportunities empowering them to make a positive contribution to communities through sport. All regions of the Commonwealth are participating with 42 interns over the year. In partnership with Birmingham 2022 Organising Committee 12 equip interns worked at the Commonwealth Games.
- **GAPS Commonwealth Athlete Inclusion Programme**, aims to advance inclusive sport pathways by offering athletes and coaches additional skills, knowledge and resources that become a catalyst for positive social change and strengthens Commonwealth Family bonds. The programme ran a series of camps with partners, as soon as Covid travel restrictions allowed, with 31 countries and 188 athletes and coaches participating. Several of the athletes qualified for the Commonwealth Games seeing an 55% uplift in CGAs competing at the Commonwealth Games. The programme held its first youth focused camp in March 23.
- **B2022 Jobs and Skills Academy (JSA)** - Delivered by West Midlands Combined Authority and Birmingham 2022 Organising Committee, targeted those who may have been less likely otherwise to have accessed Games roles. The JSA supported 472 local people with training, including higher level skills training and high-quality work within Games related roles, as a stepping-stone into further employment post-Games.
- **B2022 Bring the Power** - Birmingham 2022's Youth Programme created pathways for children and young people to get closer to the Games and be a part of this once in a lifetime celebration of sport and culture. The Birmingham Connect project and Unlocking the Games portions of the programme were funded by CSF. Birmingham Connect was a schools project encouraging social mixing from diverse communities. Unlocking the Games allowed 5000 children in care and their carers to attend the Games and funded the Birmingham Children's Trust sports event.
- **Pride House** - Creating a safe space and welcoming, inclusive environment for LGBTIQ+ athletes, staff, at the Birmingham 2022 Commonwealth Games. For the first time, Pride House had a presence in the Athletes' Village, the pop up stations were set up at the three Birmingham 2022 Villages - The University of Birmingham, The University of Warwick, and The NEC Hotel Campus.
- **The Princes Trust** - Three Youth Summits, the events were held increasing young people's awareness and engagement in the Commonwealth Games informing a youth manifesto with recommendations for future Games.

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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### Grants

Grants awarded this year are related to the Birmingham 2022 Games of £40,000 (2022 - £190,000), Commonwealth Women's Leadership Program of £75,025 (2022 - £85,000), Game changers of £108,063 (2022 - £71,410), Pride house of £nil (2022 - £50,000), GAPS of £30,292 (2022 - £nil), eqUIP of £117,587 (2022 - £nil), Youth Development £11,688 (2022 - £nil) and Prince's Trust of £25,000 for the year (2022 - £50,000).

### Charitable Activities

During the year, the Trustees authorised payments for programmes and associated managerial costs totalling £1,715,197 (2022 - £1,287,218).

### Achievements and Performance

During the year, the Trustees supported a range of very successful programmes and initiatives, Game Changers, GAPS, eqUIP, Pride House and the Commonwealth Sport Women's Leadership Programme, all programmes are operational in all six Commonwealth regions.

### Funds Development

The CSF was successful in applying for grants to support its activities.

During the financial year, the CSF undertook a series of awareness events with selected donor prospects around the Commonwealth Games. CSF was one of three official charity partners of the Birmingham 2022 Games and received donations from purchasers of Games tickets and merchandise.

The CSF successfully applied to UK Sport for additional funding for GAPS in Americas and Caribbean.

### Financial Review

The CSF has a loan facility with CGF as the CSF transitions from Birmingham 2022 to the 2026 Commonwealth Games where CSF will be the charity partner of choice.

The total funds of the CSF at 31st March 2023 stood at £242,432 (2022 - £1,664,092). Of this, £200,794 (2022 - £194,045) are negative unrestricted reserves. This position is underwritten by the loan from the CGF, and the reserve level is being monitored closely by Trustees whilst ongoing expenditure has currently been reviewed and reduced as appropriate. The restricted reserves are restricted to support sport and development within the commonwealth. The Trustees will continue to monitor the level of general reserves of the Trust to assess the level of grant making in the future.

During the year, the CSF received income of £333,096 (2022 - £1,878,585), of which £111,122 (2022 - £2,585) represents unrestricted funds. A total of £1,754,756 (2022 - £1,376,146) was committed to charitable activities and related expenditure. This total excluded governance costs of £38,864 (2022 - £88,928).

The CSF has a Reserves Policy which states that the reserves are set at a level covering grant commitments, other obligations and 12 months of operations including salaries of staff directly employed by CSF and any staff seconded from any other organisation. This has been considered at the year end and is deemed appropriate with the reduced ongoing activity planned in the year ahead and a loan guarantee provided by the CGF.

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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### Plans for Future Periods

The top organisational priorities for 2023-24 are summarised below.

- Governance: manage risk and meet statutory and compliance obligations;
- Legacy: maximise the success and positive impact of Birmingham 2022, start planning with the 2026 Commonwealth Games host once awarded;
- Fundraising: establish financial stability through generation of restricted and unrestricted funds; and
- Impact: deliver prioritised strategic projects, partnerships and communications in line with the CSF's mission

The Trustees will continue to fulfil the objectives of the CSF by applying all future income to fund projects that aim to support Commonwealth communities via sport for development initiatives. A new Theory of Change and Impact Framework will be created to aid identification of projects, decision making, monitoring of impact and reporting, and collated CSF impact. The Trustees will continue to monitor the success of the projects they have funded in earlier periods and review and revise plans according to requisite funding opportunities.

### Trustees' Responsibilities in Relation to the Financial Statements

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102 the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the charity's financial position at the end of the year. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply consistently;
- Make judgements and estimates that are reasonable and prudent;
- Observe the methods and principles in the Charities Statement of Recognised Practice;
- State whether applicable accounting standards and statements of recommended practice have been followed subject to any departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees that served during the year were Dame Louise L Martin DBE, Christopher J Jenkins, Jeya Wilson, Gurpreet Bhatia DL, Kylie Bates, Christian N Brodie, Baroness Tanni Grey-Thompson and Robert Bayigamba.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# Commonwealth Sport Foundation

## Report of the Trustees for the year ended 31 March 2023

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### Post Balance Sheet Events and Going Concern

On 17th July 2023, the Victorian Government decided to withdraw from their agreement to host the 2026 Commonwealth Games. As this decision was made after the Balance Sheet date, in terms of UK GAAP financial reporting standards, this is a non adjusting post balance sheet event and is not recognised in these financial statements. The impact of this is being closely monitored by Trustees with particular focus on the appointment by the CGF of a Host for 2026 and future iterations of the Commonwealth Games, future donor and fundraising opportunities. It should be noted, however, that although the Games provide a funding opportunity for the CSF, it is not reliant on direct source income from a host.

The loan guarantee provided by the CGF provides the CSF with a stable financial position to continue for the foreseeable future and therefore the going concern basis of accounting is appropriate for these annual financial statements and there are no material uncertainties relating to the going concern.

Approved by the Trustees and signed on their behalf:

.....  
**Christopher J Jenkins**

Trustee

Date: .....

# Commonwealth Sport Foundation

## Independent auditor's report to the members of the Commonwealth Sport Foundation (TBC)

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### Opinion

We have audited the financial statements of Commonwealth Sport Foundation for the year ended 31 March 2023 which comprise the Statement of financial Activities, the Balance Sheet, the Statement of Cash flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Commonwealth Sport Foundation

## Independent auditor's report to the members of the Commonwealth Sport Foundation (TBC)

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### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Our 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 an auditor's report that includes our 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.

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements of the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

# Commonwealth Sport Foundation

## Independent auditor's report to the members of the Commonwealth Sport Foundation (TBC)

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We evaluated management's opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in certain accounting estimates and judgements such as the income recognition policy applied to grant income. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates including review of how grant income has been recognised at the year end.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

.....  
Thomas Wilson (Senior Statutory Auditor)  
**For and on behalf of Haysmacintyre LLP**

10 Queen Street Place  
London  
EC4R 1AG

Date: .....

# Commonwealth Sport Foundation

## Statement of financial activities for the year ended 31 March 2023

|                                                    |      | Unrestricted Funds |                  | Restricted Funds |                  | Total Funds      |                  |
|----------------------------------------------------|------|--------------------|------------------|------------------|------------------|------------------|------------------|
|                                                    |      | 2023               | 2022             | 2023             | 2022             | 2023             | 2022             |
|                                                    | Note | £                  | £                | £                | £                | £                | £                |
| <b>Income from:</b>                                |      |                    |                  |                  |                  |                  |                  |
| Other income                                       | 2    | 111,122            | 2,585            | 221,974          | 1,876,000        | 333,096          | 1,878,585        |
|                                                    |      |                    |                  |                  |                  |                  |                  |
| <b>Total income</b>                                |      | <u>111,122</u>     | <u>2,585</u>     | <u>221,974</u>   | <u>1,876,000</u> | <u>333,096</u>   | <u>1,878,585</u> |
| <b>Expenditure on:</b>                             |      |                    |                  |                  |                  |                  |                  |
| Charitable expenditure                             | 3    | 117,871            | 196,630          | 1,636,885        | 1,179,516        | 1,754,756        | 1,376,146        |
|                                                    |      |                    |                  |                  |                  |                  |                  |
| <b>Total expenditure</b>                           | 3    | <u>117,871</u>     | <u>196,630</u>   | <u>1,636,885</u> | <u>1,179,516</u> | <u>1,754,756</u> | <u>1,376,146</u> |
| <b>Net movement in funds</b>                       |      | (6,749)            | (194,045)        | (1,414,911)      | 696,484          | (1,421,660)      | 502,439          |
| Funds balances brought forward at 1 April          |      | (194,045)          | -                | 1,858,137        | 1,161,653        | 1,664,092        | 1,161,653        |
|                                                    |      |                    |                  |                  |                  |                  |                  |
| <b>Funds carried forward 31<sup>st</sup> March</b> |      | <u>(200,794)</u>   | <u>(194,045)</u> | <u>443,226</u>   | <u>1,858,137</u> | <u>242,432</u>   | <u>1,664,092</u> |

All amounts relate to continuing activities.

The CSF had no recognised gains or losses for the financial year and as such a statement of other comprehensive income has not been prepared.

The notes on pages 14 to 19 form part of these financial statements.

# Commonwealth Sport Foundation

## Charity balance sheet as at 31 March 2023

| Charity Number 1173238<br>Company Number 10363544     |                | Note | Charity<br>2023<br>£ | Charity<br>2022<br>£   |
|-------------------------------------------------------|----------------|------|----------------------|------------------------|
| <b>Current assets</b>                                 |                |      |                      |                        |
| Cash at bank                                          |                |      | 621,781              | 283,188                |
| Debtors                                               |                | 6    | 51                   | 1,750,000              |
|                                                       |                |      |                      |                        |
| <b>Creditors: amounts falling due within one year</b> |                | 7    | 621,832<br>(379,400) | 2,033,188<br>(369,096) |
|                                                       |                |      |                      |                        |
| <b>Net current assets</b>                             |                |      | 242,432              | 1,664,092              |
| <b>Total assets less current liabilities</b>          |                |      | 242,432              | 1,664,092              |
|                                                       |                |      |                      |                        |
| <b>Total net assets</b>                               |                |      | 242,432              | 1,664,092              |
|                                                       |                |      |                      |                        |
| <b>Income funds</b>                                   |                |      |                      |                        |
| Unrestricted funds                                    | - unrestricted | 10   | (200,794)            | (194,045)              |
|                                                       | - restricted   | 10   | 443,226              | 1,858,137              |
|                                                       |                |      |                      |                        |
|                                                       |                |      | 242,432              | 1,664,092              |

Approved by the Trustees and authorised for issue on

and signed on their behalf by:

.....  
**Christopher J Jenkins**

The notes on pages 14 to 19 form part of these financial statements.

# Commonwealth Sport Foundation

## Charity cash flow statement as at 31 March 2023

|                                                             | Note                 | Charity<br>2023<br>£ | Charity<br>2022<br>£  |
|-------------------------------------------------------------|----------------------|----------------------|-----------------------|
| <b>Cash flow from operating activities</b>                  |                      |                      |                       |
| Net movement in funds for the year                          |                      | (1,421,660)          | 502,439               |
| Decrease/(increase) in trade and other receivables          | 6                    | 1,749,949            | (1,750,000)           |
| Increase in trade and other payables                        | 7                    | 10,304               | 202,709               |
| <b>Net cash movement from operating activities</b>          |                      | <b>338,593</b>       | <b>(1,044,852)</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |                      | <b>338,593</b>       | <b>(1,044,852)</b>    |
| Cash and cash equivalents at beginning of the year          |                      | 283,188              | 1,328,040             |
| Cash and cash equivalents at the end of the year            |                      | <b>621,781</b>       | <b>283,188</b>        |
| <b>Net Debt</b>                                             |                      |                      |                       |
|                                                             | At 1 April 2022<br>£ | Cash inflows<br>£    | At 31 March 2023<br>£ |
| <b>Cash and cash equivalents</b>                            |                      |                      |                       |
| Cash at bank                                                | 283,188              | 338,593              | 621,781               |
|                                                             | <b>283,188</b>       | <b>338,593</b>       | <b>621,781</b>        |

The notes on pages 14 to 19 form part of these financial statements.

# Commonwealth Sport Foundation

## Notes forming part of the financial statements for year ended 31 March 2023

### 1 Accounting policies

The CSF was incorporated in the UK on 7 September 2016 and was registered as a Charity in England and Wales on 1 June 2017. Details of the company information can be found in page 1.

#### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and comply with the charity's trust deed, the Charities Act 2011 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except as disclosed in the accounting policies which indicate that certain items are shown at fair value.

The presentation currency of these financial statements is sterling (GBP).

All amounts in the financial statements have been rounded to the nearest pound (£).

#### **Significant judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

#### **Income**

Grant income is recognised once the trust has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Where there are terms or conditions attached to a grant, then these terms or conditions must be met before the income is recognised as the entitlement condition will not be satisfied until that point. Where terms or conditions have not been met or uncertainty exists as to whether they can be met then the relevant income is not recognised in the year but deferred and shown on the balance sheet as deferred income.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Restricted funds**

Where funds are received for specific purposes set out by the donor, these are shown as restricted income in the statement of financial activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds.

# Commonwealth Sport Foundation

## Notes forming part of the financial statements for year ended 31 March 2023 (*continued*)

### 1 Accounting policies (continued)

#### **Unrestricted funds**

Unrestricted funds are donations and other incoming resources received or generated for general charitable purposes.

#### **Going concern**

The revenue streams of the CSF are linked to the grant agreements arrangements referenced above and the cost-base is flexible in line with these arrangements. The Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The CSF therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Expenditure**

Expenditure is accounted for when it is incurred with sufficient reliability that the cost can be measured and will be due and payable within the accounting period.

#### **Support costs policy**

Support costs, as summarised in notes 3 and 4, are allocated in accordance with the underlying entities to which they relate.

All costs attributable to the operation and day-to-day running of the CSF, including professional fees, insurance, irrecoverable VAT and storage costs, are disclosed within 'Charitable expenditure' and allocated against each category on a pro rata basis, proportional to the grants, issued in each category as a percentage of total grants awarded.

Governance costs comprise those costs incurred in the governance of the CSF and its assets and are primarily associated with constitutional and statutory requirements.

### 2 Income

|                                   | 2023<br>£ | 2022<br>£ |
|-----------------------------------|-----------|-----------|
| Grant Receipts - Restricted       | 221,974   | 1,876,000 |
| Donations Receipts - Unrestricted | 111,122   | 2,585     |
|                                   | <hr/>     | <hr/>     |
|                                   | 333,096   | 1,878,585 |
|                                   | <hr/>     | <hr/>     |

There were grants received during the year of £333,096 (2022 - £1,878,585) of which £111,122 (2022 - £2,585) was unrestricted and £221,974 (2022 - £1,876,000) was restricted.

# Commonwealth Sport Foundation

## Notes forming part of the financial statements For year ended 31 March 2023 (continued)

### 3 Expenditure

|                                                      | Direct charitable costs |                       |                        |                       | Support costs  |                | Governance costs |               | Total costs      |                  |
|------------------------------------------------------|-------------------------|-----------------------|------------------------|-----------------------|----------------|----------------|------------------|---------------|------------------|------------------|
|                                                      | 2023<br>£               | 2023<br>£             | 2022<br>£              | 2022<br>£             | 2023<br>£      | 2022<br>£      | 2023<br>£        | 2022<br>£     | 2023<br>£        | 2022<br>£        |
| Charitable expenditure                               | Grants to institutions  | Grants to individuals | Grants to institutions | Grants to individuals |                |                |                  |               |                  |                  |
| Commonwealth Athlete Inclusion Programme (GAPS)      | 837,023                 | 105,448               | 312,308                | 67,199                | 136,572        | 53,035         | 24,439           | 29,882        | 1,103,482        | 462,424          |
| Commonwealth Sport Youth Leadership – CommYL (eqUIP) | 279,124                 | 5,649                 | 110,957                | 31,185                | 41,266         | 19,863         | 7,385            | 11,192        | 333,424          | 173,197          |
| Youth & Athlete Impact                               | 65,000                  | -                     | 330,733                | 6,897                 | 9,419          | 47,183         | 1,686            | 26,585        | 76,105           | 411,398          |
| Awareness and Advocacy                               | -                       | -                     | -                      | -                     | -              | -              | -                | -             | -                | -                |
| Outreach and Patnrship                               | 116,301                 | -                     | 118,200                | 6,552                 | 16,853         | 17,434         | 3,016            | 9,823         | 136,170          | 152,009          |
| CWLP                                                 | 75,170                  | 15,000                | 95,359                 | -                     | 13,067         | 13,326         | 2,338            | 7,509         | 105,575          | 116,194          |
| Pride sport                                          | -                       | -                     | 50,000                 | -                     | -              | 6,987          | -                | 3,937         | -                | 60,924           |
|                                                      | <b>1,372,618</b>        | <b>126,097</b>        | <b>1,017,557</b>       | <b>111,833</b>        | <b>217,177</b> | <b>157,828</b> | <b>38,864</b>    | <b>88,928</b> | <b>1,754,756</b> | <b>1,376,146</b> |

Charitable expenditure was £1,754,756 (2022 - £1,376,146) of which £117,871 (2022 - £196,630) was unrestricted, £1,636,885 (2022 - £1,179,516) was restricted.

The CSF had no employees during the year (2022 - none).

### 4 Support costs

|                               | 2023<br>£      | 2022<br>£      |
|-------------------------------|----------------|----------------|
| Management and administration | 217,177        | 157,828        |
|                               | <b>217,177</b> | <b>157,828</b> |

The support costs include an allocation of restricted and unrestricted project specific costs for the administration of the projects supported by the CSF during the year and related bank and exchange fees.

### 5 Governance

|                 | 2023<br>£     | 2022<br>£     |
|-----------------|---------------|---------------|
| Audit fees      | 4,440         | 4,200         |
| Accounting fees | 24,780        | 17,800        |
| Legal fees      | 9,644         | 66,928        |
|                 | <b>38,864</b> | <b>88,928</b> |

# Commonwealth Sport Foundation

Notes forming part of the financial statements  
for year ended 31 March 2023 (continued)

## 6 Debtors

|                              | 2023<br>£ | 2022<br>£        |
|------------------------------|-----------|------------------|
| Prepayments & accrued income | 51        | 1,750,000        |
|                              | <u>51</u> | <u>1,750,000</u> |

## 7 Creditors

|                              | 2023<br>£      | 2022<br>£      |
|------------------------------|----------------|----------------|
| Amounts owed to group entity | 368,231        | 258,351        |
| Accruals and deferred income | 11,169         | 110,745        |
|                              | <u>379,400</u> | <u>369,096</u> |

## 8 Statement of funds

|                     | Fund balances<br>brought<br>forward<br>£ | Income<br>£           | Expenditure<br>£          | Fund<br>balances<br>carried<br>forward<br>£ |
|---------------------|------------------------------------------|-----------------------|---------------------------|---------------------------------------------|
| <b>Restricted:</b>  |                                          |                       |                           |                                             |
| DCMS                | 1,790,629                                | 59,874                | (1,560,978)               | 289,525                                     |
| UK Sport            | 36,176                                   | 65,000                | (7,481)                   | 93,695                                      |
| Oak Foundation      | 31,332                                   | 97,100                | (68,426)                  | 60,006                                      |
| <b>Unrestricted</b> | <u>(194,045)</u>                         | <u>111,122</u>        | <u>(117,871)</u>          | <u>(200,794)</u>                            |
| Total funds         | <u><b>1,664,092</b></u>                  | <u><b>333,096</b></u> | <u><b>(1,754,756)</b></u> | <u><b>242,432</b></u>                       |

*Restricted funds:*

The Trustees recognize the grants received during the year as restricted funds to support Sport and Development within the Commonwealth.

The purpose of restricted funds included:

- DCMS:- supporting sport and development programmes across the Commonwealth,
- UK Sport:- supporting GAPS Africa programme,
- Oak Foundation:- supporting the Head of Safeguarding post and associated projects,
- Wates Foundation:- supporting fundraising and strategic planning.

All of the charity's net assets from its inception until 31 March 2023 were held in restricted funds.

# Commonwealth Sport Foundation

## Notes forming part of the financial statements for year ended 31 March 2023 (continued)

### 9 Transactions concerning Trustees

During the year, none of the Trustees (or any person connected to them) received any remuneration. Two Trustees were reimbursed expenses totalling £381 (2022 - none).

### 10 Analysis of net assets between funds

|                                       | Unrestricted Funds |                  | Restricted Funds |                  | Total          |                  |
|---------------------------------------|--------------------|------------------|------------------|------------------|----------------|------------------|
|                                       | 2023<br>£          | 2022<br>£        | 2023<br>£        | 2022<br>£        | 2023<br>£      | 2022<br>£        |
| Current assets                        | 500,975            | 2,585            | 120,857          | 2,030,603        | 621,832        | 2,033,188        |
| Creditors falling due within one year | (57,749)           | (196,630)        | (321,651)        | (172,466)        | (379,400)      | (369,096)        |
|                                       | <u>443,226</u>     | <u>(194,045)</u> | <u>(200,794)</u> | <u>1,858,137</u> | <u>242,432</u> | <u>1,664,092</u> |

### 11 Ultimate parent undertaking and controlling party

The ultimate parent controlling party of the CSF, as its sole member, is the Commonwealth Games Federation, a company limited by guarantee in the UK.

Copies of the consolidated financial statements can be obtained from CGF at: 8 Storeys Gate London England SW1P 3AY.

### 12 Related party transactions

CGF is a private company limited by guarantee. As at 31 March 2023, the CSF owed £368,231 (2022 - £258,351) to CGF due to intercompany transactions carried out in the year.

These transactions relate to CSF expenses paid by CGF. See table below for the movement in the year relating to amounts owed to CGF:

|                                   | 2023<br>£             | 2022<br>£             |
|-----------------------------------|-----------------------|-----------------------|
| Balance at start of the year      | 258,351               | 69,137                |
| Contractors & programme costs     | 319,826               | 359,232               |
| Payments made during the year     | (209,946)             | (170,018)             |
| <b>Balance at end of the year</b> | <u><b>368,231</b></u> | <u><b>258,351</b></u> |

There were no further related party transactions during the year or prior year that require disclosure.

# Commonwealth Sport Foundation

## Notes forming part of the financial statements for year ended 31 March 2023 (*continued*)

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### 13 Post balance sheet events and going concern

In July 2023, the Victorian Government announced its decision to withdraw from hosting the 2026 Games. As this decision was made after the Balance Sheet date, in terms of UK GAAP financial reporting standards, this is a non adjusting post balance sheet event and is not recognised in these financial statements. The impact of this is being closely monitored by Trustees with particular focus on the appointment by the CGF of a Host for 2026 and future iterations of the Commonwealth Games, future donor and fundraising opportunities. It should be noted, however, that although the Games provide a funding opportunity for the CSF, it is not reliant on direct source income from a host.

The loan guarantee provided by the CGF provides the CSF with a stable financial position to continue for the foreseeable future and therefore the going concern basis of accounting is appropriate for these annual financial statements and there are no material uncertainties relating to the going concern.



# haysmacintyre

Commonwealth Games Federation and  
Commonwealth Sports Foundation  
Audit Findings Report

**For the Year Ended 31 March 2023**

**Partner: Tom Wilson;** [twilson@haysmacintyre.com](mailto:twilson@haysmacintyre.com)

**Senior Manager: Lewis Buckland;** [lbuckland@haysmacintyre.com](mailto:lbuckland@haysmacintyre.com)

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## 1. INTRODUCTION AND EXECUTIVE SUMMARY

This report summarises our key findings in connection with the audit of the financial statements of Commonwealth Games Federation (CGF) and Commonwealth Sports Foundation (CSF) for the year ended 31 March 2023.

### Our audit approach

Our work was planned and performed in order to issue an audit opinion on the financial statements in accordance with International Standards on Auditing (UK) ("ISAs") and the terms of our letter of engagement. Our audit approach is a risk-based approach founded on us gaining a thorough understanding of the entity and its business in order to allow us to identify the risks of material misstatement within the financial statements. To do this, we consider both the risk inherent in the financial statements themselves and the control environment in which the entity operates. We then use this assessment to develop an effective and efficient approach to the audit.

### Limitations

Our audit procedures, which have been designed to enable us to express an opinion on the financial statements, have included an examination of the transactions and the controls thereon.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

### Overall conclusion and opinion

At the time of issuing this report we anticipate issuing an unqualified opinion on the financial statements, subject to:

- receipt of signed letter of representation and review of post balance sheet events up until the point of sign off

## 2. SIGNIFICANT AUDIT RISKS, AND OTHER FOCUS AREAS IDENTIFIED DURING AUDIT PLANNING

We set out below the significant audit risks and where applicable, other key areas of focus for our audit identified at the planning stage and the conclusions of our audit work:

| Significant Audit risk/focus area                                                                                                                                                                                                                                                                               | How we addressed this                                                                                                                                                                                                                                                                                                                                                                                     | Commentary                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Presumed risk in revenue recognition</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We are required to consider and respond to the risks of improper revenue recognition.</p> <p>The risk of incorrect treatment under UK GAAP.</p> | <p>We planned and performed specific tests to ensure income has been recorded in the correct period and tested on a sample of transactions around the year-end.</p> <p>Our review also included an assessment of the appropriateness of the recognition of accrued and deferred income.</p> <p>We reviewed against agreed policies for consistency and ensured in line with the underlying contracts.</p> | <p>Planned audit work considered to be satisfactory in this area.</p> <p>See further discussion in section 3.1ii below.</p>                       |
| <p><b>Presumed risk of management override</b></p> <p>We are required to consider and respond to the risks arising from management override of controls.</p> <p>The risk of misappropriation of assets and the risks of misrepresentation of financial information.</p>                                         | <p>We reviewed the accounting estimates and judgements and considered their reasonableness.</p> <p>We have analysed the journals made in the year and determined the risk criteria for identifying higher risk journals. Subsequently significant, unusual or unexpected journal postings have been investigated and verified.</p>                                                                        | <p>Planned audit work considered to be satisfactory in this area.</p> <p>We have not identified any evidence of material management override.</p> |

| Significant Audit risk/focus area                                                                                                                                                                | How we addressed this                                                                                                                                                                          | Commentary                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>Treatment of WIP</b><br>There is judgement regarding the treatment of work in progress costs and therefore risk in this area. There is a risk that costs have been incorrectly accounted for. | We reviewed invoices from Sportfive, ensuring correct recognition of costs. Where the invoice related to more than one period, we reviewed to ensure costs are included in the correct period. | Planned audit work considered to be satisfactory in this area.<br><br>See further discussion in section 3.1ii below. |

### 3. ACCOUNTING AND AUDIT MATTERS

#### 3.1 Qualitative aspects of accounting practices and financial reporting

##### *i. Cancellation of Victoria 2023*

###### a. Post balance sheet event

We noted in July 2023 the host region Victoria, cancelled their agreement to host the Commonwealth Games in Victoria 2026. We held discussions with management on 24 July 2023 to discuss the implications of this for CGF and on 9 August we discussed the implications for CGF Partnerships.

Given the significance of this decision the cancellation constitutes a post balance sheet event that requires disclosure in the financial statements. The cancellation occurred after the year end and therefore is classified as a non-adjusting event for the year ended 31 March 2023. This means that no balances are impacted in the year being audited.

The disclosure note in the financial statements should reference that it is a non-adjusting post balance sheet event, include an explanation of the event that has occurred as well as an explanation of the financial impacts this has on the entity.

We noted that management have held discussions with the State of Victoria in August 2023 regarding the breach of contract. On 18 August an agreement has been signed between all parties confirming a settlement of \$380m Australian dollar of which \$370m is immediately payable.

Management have subsequently updated the directors report, post balance sheet (note 21) and going concern policy (note 2) discloses within the financial statement to reflect the relevant details and impact of this settlement. We have reviewed the agreement and disclosures within the financial statements and are comfortable that the disclosures appropriately reflect the financial impact of the post balance sheet events.

###### b. Going concern considerations

We have reviewed the cashflow forecast up until 2030/31 along with assumptions made by management. We note a cash low point in the next 7 years of c£10m in 2027/28 which gives adequate buffer room for the foreseeable future. We have noted no material uncertainty or issues relating to going concern assumption for CGF.

***ii. Key accounting policies*****CGF****Revenue recognition - host fee income**

The current policy is to recognise the host fee income over the period of execution of the host city contract on 21 December 2017 until the host games in August 2022. The contract is to be amortised over the life of the cycle. This same approach has been applied to the host city contract for Victoria 2026, The contract for this was signed April 2022 for £22.5m.

We have considered whether it is appropriate to spread this straight line or whether there was a more appropriate profile to amortise the host fee income. We queried whether consideration has been given to whether the costs of services over a cycle are straight line or is there an increase nearer to the games.

From discussion with management, we noted that there is no increase in the costs near the games and costs are fairly straight line throughout the games period. We, therefore, are in the agreement with the current policy.

Due to the Victorian government pulling out of the agreement to host the games, it is likely the remaining host city monies should be accounted for in full in the year to 31 March 2024, as there is no further obligation. However, this should be considered in line with any future settlement agreement resulting from ongoing legal proceedings.

**CGF Partnerships**

The following revenue streams have been discussed during the current period:

**Commercial Revenue – Value in Kind (VIK) Sponsorship Income**

VIK sponsorship income is recognised in the year that the goods or services are provided. The recognition timeline assumes that these timings are the most accurate reflection of when benefits are transferred to the sponsor. In exceptional circumstances where this is clearly not the case, revenue will be accounted for in line with the underlying agreement of when the benefits are transferred to the customer.

We have reviewed the sponsorships agreements signed during 2022/2023 for conditions included and scheduling of invoicing. We note that the sponsors must provide Value in Kind in the forms of legal, recruitment and other services supplied defined on regular basis to CGFP and Organising Committee. The value of the VIK is measured in line with the agreed terms per each contract.

We concur that the risks and rewards have been passed on to Organising Committee and the sponsors have fulfilled their contractual agreements and managements policy is appropriate.

**Commercial Revenue – Cash Sponsorship Income**

Management's policy for cash sponsorship income was as follows:

*"to spread the cash sponsorship income on a straight line basis over the period to which the contract relates."*

This policy is brief and open to an element of interpretation as to the billing cycle and when the benefits to the customer are generated. After reviewing the sponsorships agreements, we note that there are set contractual dates by when the payments were made to CGFP. This is the basis of recognition, at the date of the invoicing.

The contracts set out several benefits to the sponsor, such as, the use of marketing materials (use of logos etc) and benefits provided associated with the games themselves (e.g. tickets). Therefore, the benefits to the customers, arise over a period up to, and including, the games themselves.

FRS 102 states that when services are performed over a specific period of time, with benefits accruing over an indeterminate number of events/services an entity should recognise the revenue on a straight-line basis over the specific period unless there is evidence that some other methods better represent the stage of completion. In your situation, it is difficult to measure reliably the value of the spread of benefits to the sponsor and we therefore agree that this approach has been appropriately applied in the cash sponsorship income recognised in the 2022/23.

#### Commercial Revenue – Media Right Income

Media rights sales revenue are recognised consistent with the contract value. Revenue is recognised in line with the timing of the transfer of benefits to the customer. This is expected to be upon delivery of the games, with any revenue invoiced in advance of this being held as deferred income on the balance sheet.

FRS102 states that revenue should be recognised when the risk and rewards have been transferred to the customer. As the game took place in July 2022 the broadcasting occurred then. We note that broadcasting income has been recognised and released in year ended 31 March 2023. We have reviewed this as part of our audit and agree that the revenue recognition policy is appropriate.

#### Licencing Income

Licensing royalty revenues from merchandise sales may include minimum guaranteed amounts receivable from licensed merchandise and retail sales. It is proposed that minimum guaranteed amounts will be recognised when these royalties are invoiced to licensees consistent with the terms of underlying licensing agreements. Royalty revenues over and above any minimum guaranteed amount will be recognised when such amounts fall due under the terms of the underlying licensing agreements, based on confirmed sales performance.

FRS102 section 23A.34 states that: *'The licensor recognises fees and royalties paid for the use of an entity's assets (such as trademarks, patents, software, music copyright, record masters and motion picture films) in accordance with the substance of the agreement. As a practical matter,*

*this may be on a straight-line basis over the life of the agreement, for example, when a licensee has the right to use specified technology for a specified period of time.'*

Based on the above, we agreed with management that the minimum guaranteed amounts from the eCommerce, Master and Plush Licences to be recognised on a straight-line basis over the life of the agreements and not when invoiced.

## Embedded Services

Based on the contract the Organising Committee, CGFP provides personnel as 'embedded resources' within the integrated delivery teams for each games, with such costs being recovered from Organising Committees as incurred. CGFP has appointed SPORTFIVE as exclusive agents to provide personnel. The charges from the services provided by SPORTFIVE are recognised in the profit and loss in the period in which the costs are incurred. An equivalent amount is raised as a sale invoice to the Organising Committee.

During the period under review CGFP have incurred personnel related costs from SPORTFIVE. Under the terms of the agreement, a similar amount has been invoiced to the Organising Committee resulting with in a nil effect to profit and loss. We are in the agreement with your policy.

## Work in progress (WIP)

The reason for CGFP's existence is to improve the sustainability of the games through maximising commercial streams of income in partnership with SPORTFIVE. The company is not designed to make a profit, any surpluses are passed on to the local organising committee in order to maximise affordability to host cities. Costs are incurred in a different profile to revenue generation. There is also an agreement that CGFP will not settle SPORTFIVE invoices until there is sufficient cash available from commercial income deals, and the related creditors will be classified as long-term where appropriate.

Management's policy is to utilise future commercial revenue, to offset the upfront costs of work in relation to the costs of generating commercial revenue for Commonwealth Games. CGFP will account for the cost of such services as work in progress and recognise an asset on the balance sheet until such time as it is able to recognise the costs incurred as a cost of sale. The timing of such recognition is dependent upon the recognition of commercial income to match against the costs. This is on the basis that costs are recoverable as income will be well in excess of costs. In year ended 31 March 2023 the profits have been paid to the host city and no profits in CGFP have been made over the games cycle.

An alternative accounting treatment could be to recognise the costs in the profit and loss as incurred (in line with invoicing). This approach would cause a large deficit position in early years of the cycle and large surpluses in games years. However, this would not reflect the nature of the service or cost that are being provided as they are relating to an event that's occurring in the future which is ultimately when a large amount of the revenue rights will be fulfilled, nor does it reflect the effective non-profit nature of the arrangement.

During our assessment of the policy over the first 3 year we have considered the availability of the future commercial revenue, in current year of the games we have considered the profits made within CGFP. There is a contract clause between CGFP and Organising Committee that

guarantees to pay any outstanding amounts in the eventuality that the costs incurred to deliver the games have exceeded the revenue generated.

In prior year we noted that £28.2m was forecast to be paid to SPORTIFVE over this games cycle in respect of work done and commission and we noted £19.4m is forecast to be payable to the CGF (and onwards to the OC) under the terms of the relevant agreements including Host City Contract. This supported the WIP recognition policy that has been in place as most commercial revenues and corresponding costs will be recognised in the year of the games.

In the current year, the games took place in July 2022. The majority of the commercial income and expenditure for the games were incurred and the final reconciliations and commercial contracts have been finalised resulting in £28.5m being paid the CGF (and onwards to the OC). We have reviewed the final reconciliation and a sample of commercial contracts during the audit. We have also reviewed the payments made to CGF for the transfer of commercial profits. This demonstrates the conclusion and appropriateness of the accounting policy adopted.

### **iii. CSF**

#### Unrestricted funds

In our review of draft financial statements for CSF, we noted negative unrestricted funds of £201k indicating there are no free reserves held in the Charity. CSF's intentions are to recover and settle this deficit in future periods. We have noted that CGF's Executive Board has discussed during the year the challenges relating to CSF. The Executive Board has reiterated that CGF intends to continually support the CSF via the previously agreed loan account facility which will not be recalled for at least an additional 24 months.

Negative unrestricted reserves indicate a potential going concern risk however the ongoing loan facility from CGF gives comfort for the foreseeable future that CSF can continue to operate. The Trustees should continue to manage the fund position closely going forward.

### **iv. ISA 315**

In line with the newly revised ISA 315 relating to identifying and assessing the risks of a material misstatement through obtaining an understanding of the control environment, system of internal controls, IT systems and controls and entity's risk assessment processes relevant to the financial reporting process, we have noted two advisory control points which are detailed below in section 5.

## **3.2 Accounting and audit matters**

**i. Summary of adjusted and unadjusted misstatements**

There were no unadjusted misstatements other than items we consider to be trivial.

**ii. Letter of representation**

International Standards on Auditing require us to obtain written representations from the directors when you approve the financial statements. The letter contains standard matters with one specific reference to the post balance sheet event disclosures as follows:

- *We confirm that all events since the balance sheet date that require disclosure within the financial statements have been disclosed. We confirm that the nature and best estimate of the financial impacts of the cancellation of Commonwealth Games, Victoria 2026 have been disclosed within the financial statements.*

**iii. Findings from the 2022 NGB/sporting clients financial benchmarking survey**

We revamped the survey in the current year to a more snapshot in nature survey. Some key highlights from a high-level review of the data include:

- Insurance costs – This can be sport specific (and the jeopardy involved) but insurance costs are significantly rising in the sector with ranges from 6-45% increases budgeted
- Cyber Security – One organisation reported a successful cyber attack against them in the period but over 50% reported unsuccessful attacks. This highlights continued risk in this area which we have reported in previous years
- Membership fees – Different NGB's have different governance arrangement surrounding membership increases but are ranging between 0% and 8% rise in fees. Some NGB's are looking at restricting their membership model
- Employee turnover – Employee turnover is high in the sector with half of organisations having at least 20% turnover in the last year. Specifically finance and general administration with the highest levels of turnover
- Salary increases – have ranged between 2 and 5 % over the last 12 months with most expecting around 5% rises for the coming year
- Bonuses – In general, limited bonus arrangements are in place in the sector. Where they are paid, they are related to sporting performance but there are a small number who provide them based on financial results, and:
- Return from COVID – on average membership numbers in the sector are 93% of the membership numbers in 2019 with participation in events showing similar figures.

**4. DATA ANALYTICS**

In addition to our other audit tests we have used our data analytics software to interrogate transactions making up the financial statements. We extracted the full transactional listing from your accounting system. By then reconciling on a line-by-line basis the aggregate impact of the transactions made during the period we were able to confirm the completeness of the population. We then used characteristic based data analytics and a multi-dimension risk scoring logic which analysed every transaction in the population against a set of potential risk identifiers, highlighting the transactions we deemed to pose a heightened risk of fraud, error or misstatement.

## **We performed the following additional audit tests on the accounting entries posted to the accounting system during the year:**

### **Test: Suspense accounts** – review of transactions posted to a suspense account in the year

**Risk:** The existence of suspense accounts can be indicative of accounting processes or systems being incomplete in their design or finance staff bypassing designed controls. Using suspense accounts causes inefficiencies and reduces the traceability of transactions.

**Conclusion:** No suspense accounts were used during the year.

### **Test: Keywords** – transactions where the description field or general ledger contain keywords

**Risk:** This test identifies any users who makes postings to the accounting system with keywords that are flagged for investigation. Postings made with words such as “correction”, “amendment” or “error” can relate to manual corrections that increase the risk of fraudulent or erroneous transactions.

**Conclusion:** There were 8 transactions (0.6%) highlighted for review from the data analytics, this is less than the industry benchmark of 1%. These were reviewed as part of the audit and we noted that the majority of these journals related to correcting journals for miss postings between nominal codes and year end group VAT adjustments. We consider these as normal accounting adjustments for month end and period end processes.

### **Test: Closing Entry** - review of transactions posted in the last 14 days calendar days of the year

**Risk:** Closing entries include yearend adjustments that are often significant values and only processed on an annual basis therefore increased risk of management override.

**Conclusion:** We note there are 106 of 1,327 (8%) transactions posted as closing entries. This is above the industry average of 4% indicating you have a higher number of transactions posted at the year end. We have reviewed a sample of these journals as well as tested year end accruals, prepayments, deferred income, and depreciation which make up the majority of these year end adjustment. No issues were noted.

**Summary:** There were no higher or elevated risk areas identified as part of our data analytics work. There were no control weaknesses identified as part of our journals testing.

## 5. DETAILED CONTROL POINTS

During the course of our audit we identified the following detailed control points that we feel need to be brought to the attention of the Directors and certain recommendations for improvements and or corrective action. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the

effectiveness of internal control or to identify any significant deficiencies in their design or operation. The matters and detailed control points that we have identified are graded within the following framework to assist the Directors assess their impact.

| Rating             | Rating type                                                                                                                                                                                                                                                                                            | Characteristics of rating type                                                                                                                                                                                                                                                                                                                                                  |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Significant</b> | These findings are considered to be significant to the management of risk in the business. The finding represents a serious weakness in systems and controls currently in place or a potentially fundamental control that has been omitted from the risk management systems as currently in operation. | <ul style="list-style-type: none"> <li>• Key control omitted</li> <li>• Key control not designed or operating effectively, for example as indicated by multiple exceptions found during our review work</li> <li>• Evidence of override of controls in place with significant or potentially fraudulent outcomes</li> <li>• Non-compliance with laws and regulations</li> </ul> |
| <b>Important</b>   | Important findings that should be reviewed by management, pending corrective action and or updates to systems and controls.                                                                                                                                                                            | <ul style="list-style-type: none"> <li>• Errors and exceptions noted during our testing that had corrected retrospectively during the year by management.</li> <li>• Potential improvement to existing control noted</li> <li>• Possibility for override of controls exists</li> <li>• Our review noted numerous exceptions but not in key controls</li> </ul>                  |
| <b>Limited</b>     | Findings that identify non-compliance with established systems and controls.                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>• Minor control weakness, for example limited exceptions noted during our review work</li> </ul>                                                                                                                                                                                                                                         |
| <b>Advisory</b>    | Items requiring no immediate action but which may be of interest to management or best practice advice.                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>• Information for department management</li> <li>• Control operating but scope for efficiency and/or effectiveness improvements exist</li> <li>• Control operating but not necessarily in accordance with best practice</li> <li>• Recent or anticipated developments may necessitate new controls.</li> </ul>                           |

We wish to bring the following matters to your attention which arise from the current year audit as well as the latest status of outstanding issues arising from previous year audits:

#### Current year

| Issue: No external penetration test performed in the year - IT general control point |                                  | Control point rating:                                                                                 | Advisory |
|--------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------|----------|
| Risk                                                                                 | Our comments & proposals         | Management response                                                                                   |          |
| We understand that penetration tests have not                                        | We would recommend that external | This was in hand with a view of working with CGPF and V2026 to potentially move CGF onto Commonwealth |          |

| Issue: No external penetration test performed in the year - IT general control point                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                           | Control point rating:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Advisory |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Our comments & proposals                                                                                                                  | Management response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |          |
| been carried out within the last 12 months. The lack of such tests may leave certain IT systems quite vulnerable to external attacks without the organisation knowing. If there is a future occurrence whereby external attacks succeed, then this could impact the system and organisation's operations. This, in turn, may lead to errors arising as a result of information stolen from the system, information being corrupted or changed for personal gains. | penetration tests are carried out annually to ensure that there are no unexplored vulnerabilities that may result in loss of information. | <p>tenancy that's the other companies are already on. By being on the same domain, the CGF would benefit from the security protocols.</p> <p>An alternative model is to gain access to that system but the CGF create their own Sharepoint system and move from the old system and review at IT security and external provision.</p> <p>This is to be assessed by a Project Manager with experience in this area during the latter part of 2023 with the aim of then updating the systems to the best solution and become more secure.</p> |          |

| Issue: Lack of intrusion detection system - IT general control point                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                       | Control point rating: | Advisory |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------|
| Risk                                                                                                                                                                                                                                                                                                                                                                                                                            | Our comments & proposals                                                                                                                                                                                                              | Management response   |          |
| We understand that there are no intrusion detection system (IDS). The absence of such system could allow an intruder to perpetrate a cyber crime without being noticed, or at least the chances of such occurrence are increased. We could not ascertain if there is continuous IT network scanning to detect unauthorised access. The potential absence of such activity could lead to the aforementioned risks to the entity. | We recommend implementing IDS and automatic this system, so that alerts are generated to provide notifications to a key member of staff of threats identified. It would be good practice to implement continuous IT network scanning. | As above              |          |

| Issue: Youtube revenue                                                                                                           |                                                                                                                            | Control point rating:                                                                           | Limited |
|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------|
| Risk                                                                                                                             | Our comments & proposals                                                                                                   | Management response                                                                             |         |
| We noted an income stream relating to a YouTube channel generating revenue of £38k that was not under the entity's control for a | A detailed review of the YouTube channel's revenue generation should be performed to ensure that all revenue is accurately | We understand that a review of this income stream has been performed since our audit fieldwork. |         |

| Issue: Youtube revenue                                                                                                                                                                                                                                                            |                                                                       | Control point rating:                                                                                                                     | Limited |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Risk                                                                                                                                                                                                                                                                              | Our comments & proposals                                              | Management response                                                                                                                       |         |
| <p>significant portion of the financial year.</p> <p>Whilst this income stream is not material in current year there is a risk regarding the accuracy and completeness of revenue recognition if management do not have controls in place or oversight of all income streams.</p> | <p>captured, recorded, and disclosed in the financial statements.</p> | <p>CGF Management note - This income is now received monthly, monthly statements are downloaded and the income accounted for monthly.</p> |         |

| Issue: CGFP - Accounting records                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                              | Control point rating:                                                                                                                                                                                                                                                                                                                          | Advisory |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Our comments & proposals                                                                                                                                     | Management response                                                                                                                                                                                                                                                                                                                            |          |
| <p>We note that CGFP currently use Xero as its accounting software but it is only used for certain types of transactions and accounting records such as purchase ledger. We note the majority of the period end adjustments and overall general ledger is maintained through an Excel file.</p> <p>There is an increased risk of errors going undetected or potential manipulation if records are maintained manually via excel as opposed to using built in controls and validation features within Xero.</p> | <p>We recommend that management merge all accounting recordings onto Xero and use this software to process and maintain all transactions going forwards.</p> | <p>Per management, the current process has served them well, particularly noting the small size of the CGFP Finance Team, and incorporates appropriate mitigating controls, notably detailed transactions review as part of management accounts process.</p> <p>However, the advisory point is noted and will be considered going forward.</p> |          |

| Issue: Related party /conflict of interest register                                              |                                                                              | Control point rating:                                                                        | Advisory |
|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------|
| Risk                                                                                             | Our comments & proposals                                                     | Management response                                                                          |          |
| <p>We note the CGFP do not maintain an up to date listing or register of related parties and</p> | <p>We recommended that management maintain an up to date register of all</p> | <p>Management have noted this advisory point and a formal register will be put in place.</p> |          |

| Issue: Related party /conflict of interest register                                                                                                                                     |                                                                                                                                    | Control point rating: | Advisory |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------|
| Risk                                                                                                                                                                                    | Our comments & proposals                                                                                                           | Management response   |          |
| declared interest of the directors.<br><br>There is a risk that related party transactions are missed or undetected and therefore not adequately disclosed in the financial statements. | declared interest and connected entities for directors in order to appropriately monitor for potential related party transactions. |                       |          |

**Prior year**

No matters came to our attention in the prior year that we would need to bring to the attention of the board.

## 6. EMERGING ISSUES

### Financial Reporting

#### Financial reporting framework (IFRS / UK GAAP)

##### UK GAAP Developments

In December 2022, the Financial Reporting Council published FRED82, the exposure draft for the latest periodic review of FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Amongst numerous minor amendments and clarifications, FRED82 proposes two significant changes to UK GAAP which would bring it into closer alignment with International Financial Reporting Standards:

1. Changes to Section 20 Leases, which mirror the requirements of IFRS16 Leases and remove the distinction between operating leases and finance leases, with the result that all leases will lead to the recognition of an asset and a liability in the lessee's financial statements.
2. Changes to Section 23 Revenue, which introduces the five-step revenue recognition model from IFRS15 Revenue from contracts with customers into UK GAAP.

We had been expecting that the periodic review would also include changes to bring FRS102 into alignment with IFRS9 Financial Instruments, in particular the adoption of the expected credit loss model of financial asset impairment. However, the FRC has decided to postpone any alignment with IFRS9 until the IASB has concluded its own review of the IFRS for SMEs, which is expected to include limited alignment with IFRS9 in this regard.

The ED is open for comment until 30 April 2023 and it is intended that the revised standard would take effect for accounting periods commencing on or after 1 January 2025.

In the meantime, the Financial Reporting Council ("FRC") have provided helpful guidance on how "Climate related matters" may affect the financial statements. This is available from the FRC website: <https://www.frc.org.uk/news/november-2021/frc-staff-factsheet-climate-related-matters>

#### New requirements for other information

##### Taskforce on Climate-related Financial Disclosures

New Climate-related Financial Disclosure regulations apply to:

- All UK companies that are currently required to produce a Non-Financial Information Statement. This includes UK companies that have more than 500 employees and are either traded companies, banking companies or insurance companies.
- UK registered companies with securities admitted to AIM with more than 500 employees.
- UK registered companies which are not included in the above categories that have more than 500 employees and a turnover of more than

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£500m.

- LLPs which have more than 500 employees and a turnover of more than £500m.

Where relevant, the disclosures are required at a group level. This means the reporting requirements and scope thresholds apply on a consolidated basis. For example, where a company was a parent company at any time within the financial year, if in that year a group headed by it had more than 500 employees and an aggregate turnover of more than £500m net, then the parent company would be within the scope of the requirements.

The regulations require in-scope companies and LLPs to provide a description of:

- the entity's governance arrangements in relation to assessing and managing climate-related risks and opportunities;
- how the entity identifies, assesses and manages climate-related risks and opportunities;
- how processes for identifying, assessing and managing climate-related risks are integrated into the entity's overall risk management process;
- the principal climate-related risks and opportunities arising in connection with the entity's operations;
- the time periods by reference to which those risks and opportunities are assessed;
- the actual and potential impacts of the principal climate-related risks and opportunities on the entity's business model and strategy;
- the analysis of the resilience of the entity's business model and strategy, taking into consideration different climate related scenarios;
- the targets used by the entity to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and
- the key performance indicators (KPIs) used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those KPIs are based.

Certain reporting requirements, for example those relating to strategy, metrics and targets, may be omitted in full or in part if the directors (or members in the case of LLPs) conclude that, taking account of the nature of the business and how it is conducted, the information is not necessary for an understanding of the entity's business. If this is the case, directors/members need to provide a clear and reasonable explanation for not providing the information.

**Other**

The Financial Reporting Council (FRC) has announced its areas of focus for corporate reporting and audit quality reviews during 2022/23. The FRC will focus on the following areas in its corporate reporting reviews: climate-related reporting; business combinations; earnings per share; deferred asset tax disclosures, particularly regarding losses; discount rates; and judgements and estimates.

The focus areas follow the "top ten" areas for corporate reporting improvements as published by the FRC here: <https://www.frc.org.uk/news/october-2021/frc-to-focus-on-climate-related-reporting-as-new-d>

**Financial Reporting**

The FRC has also published its annual review of corporate governance reporting which found that, whilst there was a general improvement in reporting against the UK Corporate Governance Code, there remains room for improvement in some areas. It identified disclosures on Board appointments, succession planning and diversity as areas for improvement. It also found that more reporting on the effectiveness of internal control and risk management systems to enhance the level of confidence in the company's control framework.

**UK Corporation tax****Corporation Tax rates**

The Corporation Tax rate for many companies has increased to 25% from April 2023. This means that, from April 2023, the rate will increase to 25% for companies with profits over £250,000.

The 19% rate will become a small profits rate payable by companies with profits of £50,000 or less.

Companies with profits between £50,001 and £250,000 will pay tax at the main rate reduced by a marginal relief, providing a gradual increase in the effective Corporation Tax rate.

In addition:

- Bank Corporation Tax surcharge changes will proceed, meaning that from April 2023 banks will be charged an additional 3% rate on their profits above £100 million.
- From April 2023 the rate of diverted profits tax will increase from 25% to 31%.

**Capital allowances**

The super-deduction regime, which gives a 130% enhanced first year allowance (FYA) to companies on the purchase of qualifying plant and machinery, came to an end on 31 March 2023.

Instead, the government has introduced "Full Expensing", a 100% FYA, which allows companies to deduct the cost of qualifying plant and machinery from their profits straight away with no expenditure limit. Qualifying expenditure will include most plant and machinery, as long as it is unused and not second-hand, but will not include cars. Full Expensing will be effective for acquisitions on or after 1 April 2023 but before 1 April 2026.

A 50% FYA for other plant and machinery including long life assets and integral features (known as special rate assets) will operate along similar lines.

Full Expensing and the 50% FYA are only available for companies and not for unincorporated businesses.

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The Annual Investment Allowance (AIA) is available to both incorporated and unincorporated businesses. It gives a 100% write-off on certain types of plant and machinery up to certain financial limits per 12-month period. The limit has been £1 million for some time but was scheduled to reduce to £200,000 from April 2023. The Government has announced that the temporary £1 million level of the AIA will become permanent and the proposed reduction will not occur.

The Government will also extend the 100% FYA for electric vehicle charge points to 31 March 2025 for Corporation Tax purposes and 5 April 2025 for Income Tax purposes.

**Research and Development (R&D) relief**

For expenditure on or after 1 April 2023, the Research and Development Expenditure Credit (RDEC) rate will increase from 13% to 20% but the small and medium-sized enterprises (SME) additional deduction will decrease from 130% to 86% and the SME credit rate will decrease from 14.5% to 10%.

A higher rate of SME payable credit of 14.5% will apply to lossmaking SMEs which are R&D intensive. To be R&D intensive the ratio of the company's qualifying R&D expenditure must be 40% or above the company's 'total expenditure' for the period. This equates to a receipt of £27 for every £100 of R&D expenditure.

Other announced changes to the R&D regime include expanding qualifying expenditure to include the costs of datasets and of cloud computing. All claims for R&D reliefs will have to be made digitally and be accompanied by a compulsory additional information form. Companies will also need to notify HMRC that they intend to make a claim within six months of the end of the period of account to which the claim relates, generally if they have not made an R&D claim in the previous three years.

These changes apply to claims in respect of accounting periods which begin on or after 1 April 2023 apart from the additional information form, which will be required for claims made on or after 1 August 2023.

The restriction to relief on overseas expenditure, designed to refocus support towards UK innovation, will now come into effect from 1 April 2024 instead of 1 April 2023.

The increase in the RDEC rate means the UK now has the joint highest uncapped headline rate of tax relief in the G7 for large companies. The Government is currently considering responses to a consultation on merging the RDEC and SME schemes and expects to publish draft legislation for technical consultation in the summer of 2023.

**Making Tax Digital (MTD) for Income Tax**

The MTD regime is based on businesses being required to maintain their accounting records in a specified digital format and submit extracts from

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those records regularly to HMRC. In what appears to be a never-ending story, the Government has announced a further delay in MTD for Income Tax self assessment (ITSA).

The requirement for mandated MTD for ITSA will now be introduced from April 2026, with businesses, self-employed individuals and landlords with income over £50,000 mandated to join first, a change from the original £10,000 limit. Those with income over £30,000 will be mandated from April 2027.

The Government will also review the needs of smaller businesses and look in detail at whether the MTD for ITSA service can be shaped to meet the needs of smaller businesses.

Following the new approach, the Government will not extend MTD for ITSA to general partnerships in 2025.

HMRC has previously announced that MTD for Corporation Tax will not be mandated before 2026.

**Employment Tax****National Living Wage (NLW) and National Minimum Wage (NMW)**

The Government has increased the hourly NLW and NMW from 1 April 2023 as follows:

- £10.42 for those 23 years old and over
- £10.18 for 21-22 year olds
- £7.49 for 18-20 year olds
- £5.28 for 16-17 year olds
- £5.28 apprentice rate for apprentices under 19, and those 19 and over in their first year of apprenticeship.

**Taxable benefits for company cars for 2023/24**

The rates of tax for company cars remain frozen until 2024/25.

Future car benefit rates have been announced for 2025/26 to 2027/28:

- For 2025/26, the rates for emissions under 75gm/km increase by 1%.
- For 2026/27, the rates for emissions under 75gm/km increase by a further 1%.
- For 2027/28, the rates for emissions under 75gm/km increase by a further 1%.

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The charge for electric cars will rise from 2% to 5% over that period. For cars with emissions of 75gm/km and above, there will be a 1% rise in 2025/26 only, subject to a maximum of 37%.

From 6 April 2023 the figure used as the basis for calculating the benefit for employees who receive free private fuel from their employers for company cars has increased to £27,800.

**Company vans**

For 2023/24 the benefit increases to £3,960 per van and the van fuel benefit charge where fuel is provided for private use increases to £757. If a van cannot in any circumstances emit CO2 by being driven, the cash equivalent is nil.

**VAT****Changes to VAT penalties and interest**

The Government announced pre-pandemic that it intended to change the way interest and penalties applied for VAT purposes. After a number of delays the new rules were implemented for VAT periods starting on or after 1 January 2023.

The default surcharge was replaced by new penalties if a VAT return is submitted late or VAT is paid late. There are also changes to how VAT interest is calculated.

The changes are as follows:

- VAT returns submitted late - late submission penalties will work on a points-based system. For each VAT return submitted late one penalty point will be imposed. Once a penalty threshold is reached, a £200 penalty will apply, with a further £200 penalty for each subsequent late submission.
- Late payment of VAT - the rate of penalty will depend on how late the payment is. However, to give businesses time to get used to the changes, HMRC will not be charging a first late payment penalty for the first year from 1 January 2023 until 31 December 2023, if the VAT is paid in full within 30 days of the payment due date.
- How late payment interest will be charged - for VAT periods starting on or after 1 January 2023, HMRC will charge late payment interest from the day the payment is overdue to the day the payment is made in full.

**VAT**

- Introduction of repayment interest - the repayment supplement was withdrawn from 1 January 2023. For VAT accounting periods starting on or after 1 January 2023, HMRC will pay repayment interest if they are late in making a refund.

**Other matters****Changes to Companies House filing arrangements**

One consequence of the Economic Crime and Corporate Transparency Bill 2022 is that Companies House will have extended powers to mandate how companies submit their accounts for filing. Companies House has published proposals to move to a fully digital, software-based filing process for all registered companies, including dormant companies.

The detailed timetable for implementation will be published in due course, following the passage of the Bill to Royal Assent, but Companies House has indicated that there will be a phased implementation to enable all accounts filers to obtain suitable software.

We will provide updates on this as the Bill proceeds through the legislative process.

**Auditing developments****ISA (UK) 600 “Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)” Revised)**

In September 2022 the FRC published ISA (UK) 600 “Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)” Revised).

The revision introduces changes to the audit standard to ensure it better reflects other new and recently revised standards, such as the quality management standards and the revised ISA 315.

A key change is the introduction of a proactive risk-based approach to the audit of groups. As with the recent changes to ISA 315, this means more focus on identifying and assessing the risks of material misstatement, planning the approach to the audit and performing engagement procedures that respond to the assessed risks.

Amendments have also been made to clarify how the requirements in ISA 220 (Revised) apply to group audits. These focus on the resources needed to perform the engagement, and the direction and supervision of the engagement team and the review of its work. The definition of ‘engagement team’ includes component auditors.

The definition of a component has been revised and greater importance has been given to the consideration of risks of material misstatement at the

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assertion level of the group financial statements that are associated with components.

The requirements for robust two-way communication between the group and component auditor have been further strengthened and there are enhanced requirements in relation to professional scepticism.

The revised ISA also includes expanded and increased documentation requirements and clarifies the restrictions on access to people or information that might exist, including guidance on how these might be overcome.

As the requirements are principles-based, ISA 600 (Revised) is intended to be scalable for group audits of differing complexity however the changes will result in more work for the group engagement team and group engagement partner, particularly in light of the enhanced responsibilities for direction, supervision and review of the work of component auditors.

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