

Birmingham Organising Committee for the 2022 Commonwealth Games Ltd – in Members’ Voluntary Liquidation

Progress report to Members pursuant to Section 92A of The Insolvency Act 1986 and Rule 18.7 of The Insolvency (England and Wales) Rules 2016 for the Period from 15 March 2023 to 14 March 2024

Issued On: 8 May 2024

INTRODUCTION

Birmingham Organising Committee for the 2022 Commonwealth Games Ltd (Entity) entered members’ voluntary liquidation on 15 March 2023. Emma Cray, David Matthew Hammond and Jen Whatcott were appointed joint liquidators of the Entity (Liquidators).

This report covers the conduct and progress of the liquidation in the period from 15 March 2023 to 14 March 2024 (Period).

A summary of receipts and payments for this Period is at Appendix A.

The statutory information relating to the Entity and the Liquidators is at Appendix B.

REPORT ON THE LIQUIDATION

Realisation of assets:

The below table shows the assets listed on the Directors’ Declaration of Solvency (“DofS”) as at 13 March 2023, together with a summary of the assets dealt with by the Liquidators in the Period.

Asset	Declaration of Solvency est. to realise £	Liquidation assets dealt with in the Period £
Intercompany debtors	8,112,237.19	-
Third party funds		8,495,802.00
Cash at bank	100	215.04
Other debtors - pre liquidation HMRC refunds	664,642.56	644,390.32
Other debtors - pre liquidation debtors/revenues	0.00	352,883.30
Pre liquidation refunds	0.00	458,328.65
Post liquidation VAT refund	0.00	843.35
Total	8,776,979.75	9,952,462.66

Intercompany debtors/Third party funds

Prior to liquidation, the Entity was in discussions with HMRC and a third party regarding a potential VAT refund of c£8.5m that was due. The refund was as a result of tax treatment on invoices. It was anticipated that the Entity would receive the refund but then immediately repay this to the third party. As a result, the Director’s included this potential third party liability on the balance sheet.

Prior to the swearing of the declaration of solvency, to ensure the Entity remained solvent, an intercompany debtor for a potential draw down of funding was included as an asset on the balance sheet.

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During the Period, the Liquidators with assistance from PwC Tax specialists resolved the position and a refund of £8,495,802 was received from HMRC. As this refund was not an asset of the Entity, the Liquidators returned the funds to the third party.

Cash at bank

Following the appointment of the Liquidators, the Entity's cash at bank in the sum of £215.04 was transferred to a bank account operated by the Liquidators. The difference in the amount realised compared to the amount stated in the Declaration of Solvency is the result of bank charges ahead of liquidation. With the agreement of stakeholders, the account has been non-interest bearing.

Other debtors - pre liquidation HMRC refunds

During the Period, the Liquidators, with the assistance from PwC Tax specialists recovered pre appointment VAT of £644,390.32

Other debtors - pre liquidation debtors/revenues

At the point of liquidation, the Entity was aware that several final customer receipts were due back. As the value was uncertain, the Director's did not include a value on the balance sheet.

During the Period, the Liquidators liaised with the final customers and receipts of £352,883.30 were received.

Pre liquidation refunds

During the Period, the Liquidators were contacted regarding an insurance refund that was due back to the Entity. Following a review, a refund of £458,328.65 was received.

Post liquidation VAT refund

During the Period, the Liquidators have continued to file VAT returns with HMRC. Overall, during the Period, post liquidation VAT refunds of £843.35 have been received. The Entity was recently deregistered for VAT and the Liquidators are currently awaiting the final VAT return.

Investment in subsidiary

The Entity has a subsidiary, Festival 2022 Limited -in Members’ Voluntary Liquidation (“Festival”). The Liquidators are also the liquidators of Festival. As there are no surplus assets in the liquidation of Festival, the Entity is not expecting to receive any distributions.

Assets that remain to be realised:

HMRC refund

In the Period, the Liquidators identified a refund of £4,349 due from HMRC regarding the final VAT return. The Liquidators will recover this refund on the final VAT return.

The liquidation cannot be closed until all of the Entity's assets have been realised.

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Settlement of liabilities:

In the Period, the Liquidators published a notice in the London Gazette and The Times inviting creditors to submit details of claims they may have against the Entity. The Liquidators also wrote to certain parties identified as having actual or contingent claims against the Entity, requesting their proofs of debt.

The Directors’ Declaration of Solvency indicated that the Entity had an outstanding liability upon entering liquidation, being:

- £664,742.56 intercompany due to DCMS; and
- £8,122,237.19 third party regarding the VAT liability noted in the above section

Intercompany creditor with DCMS

In the Period, the Liquidators were put on notice regarding the subrogated amounts owed to DCMS. As the claim from DCMS relates to the return of additional funding that was drawn down in advance of The Games, it was agreed with DCMS that they would subrogate their claim to allow the liquidators to settle other creditor claims. It has also been agreed that no statutory interest will be payable on the amount owed by the Entity.

During the Period, the Liquidators and following the settlement of the other creditors as detailed below, we have admitted and paid a claim totalling £1,272,938.55 to DCMS. The increase is due to additional receipts received during the Period. Ahead of the closure of the liquidation, DCMS will make an additional claim for any balance remaining.

Third party creditor

As noted in the above section, during the Period, the Liquidators with assistance from PwC Tax specialists resolved the VAT position and a refund of £8,495,802 was received from HMRC. The Liquidators received a claim from the third party for the full amount of this refund and the funds were paid to them.

Other pre liquidation creditors

Further claims against the Entity were received from three other creditors. These claims were agreed by the Liquidators and settled, together with interest, as applicable in the Period. The amount paid totalled £56,012.62.

Professional costs

During the Period, the Liquidators have sought assistance from the PwC Tax team to assist with finalising the tax and VAT matter for the Entity. The PwC Tax team assisted the Entity prior to liquidation, so it was appropriate to continue to use their services.

Costs of £40,452 have been paid to PwC Tax.

PwC Tax will assist with the final VAT reclaim, however no further costs are expected to be paid to them.

Other costs

Costs of £321 were incurred for postal redirection services and bank charges of £0.55 have been incurred.

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VAT paid

As noted in the above section, the Entity has paid £4,349 in VAT that has not yet been recovered. This is due to be recovered on the final VAT return that will be submitted once received from HMRC.

Other matters:

In the Period, the Entity was party to three insurance claims. Two have been concluded and one remains open. The claim is fully insured.

HM Revenue & Customs (“HMRC”):

In the Period, the Liquidators wrote to HMRC to inform them of the liquidation and to request details of any outstanding liabilities.

During the Period, the Entity’s final pre-liquidation VAT return and corporation tax return were submitted to HMRC. The VAT return indicated a refund of £644,390.32 was due to the Entity, this has been received. The corporation tax return confirmed a nil liability for the relevant period. HMRC have confirmed they have no outstanding pre-liquidation issues.

As no taxable income was received during the Period so , the Liquidators have written to HMRC to inform them that a post liquidation corporation tax return should not be required.

Post liquidation VAT returns have been submitted on a quarterly basis. VAT deregistration took place with effect from 2 January 2024. A final VAT return will be submitted in due course, a refund of £4,349 is expected.

Following receipt of the final VAT refund, the Liquidators will be looking to issue HMRC with a Notice of Intention to Declare a Dividend (“NOID”), requiring HMRC to submit a claim in the liquidation for any outstanding liabilities. No claim is expected to be received.

Following the NOID proving period, the liquidators will settle the final claim outstanding to DCMS and will then bring the liquidation to a close.

Distributions to Members:

No distributions were made during the Period.

The Liquidators do not anticipate that a distribution will be made during the course of the liquidation because there will be no surplus assets to distribute to the Guarantor.

LIQUIDATORS’ FEES AND EXPENSES

Basis of remuneration

The basis of the Liquidators’ remuneration has been fixed by reference to the time properly given by them and their staff in dealing with the liquidation, in accordance with a resolution dated 15 March 2023. Time costs have been calculated at the prevailing standard hourly charge-out rates used by PricewaterhouseCoopers LLP at the time when the work was performed, plus VAT.

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Liquidators’ fees

Ahead of the liquidation, certain fees and expenses of the liquidation were paid on account to PricewaterhouseCoopers LLP by the Entity under a separate contractual arrangement. There is no recourse to the liquidation estate.

The Liquidators have separately provided the Entity with the information required in accordance with Statement of Insolvency Practice 7.

The Liquidators' time costs incurred the Period totalled £19,677.8, made up of 146.4 hours at an average charge out rate of £134.4 per hour across all grades of staff. The Liquidators have drawn remuneration of £8,011 plus VAT in the Period.

A detailed breakdown of the Liquidators' time costs during the Period, together with details of applicable charge-out rates, is provided at Appendix C.

Liquidators’ expenses¹

In the Period, the Liquidators incurred the following expenses in connection with the liquidation of the Entity. These expenses were settled on account ahead of the liquidation.

Category 1 expense	Incurred in the Period £	Paid in the Period £
Statutory advertising	1,170	Nil
Statutory bond	190	Nil
Total	1,360	Nil

Category 2 expense	Incurred in the Period £	Paid in the Period £
Refreshments (<i>for directors board meeting</i>)	83	Nil
Total	83	Nil

Members’ rights regarding the Liquidators’ remuneration and expenses

Any guarantor of the Entity with permission of the court or guarantors of the Entity with at least 5% of the total voting rights of all the guarantors having the right to vote at general meetings of the entity (or

¹ Category 1 expenses represent specific expenditure incurred directly in respect of the liquidation and payment has been to independent third parties. Category 2 expenses represent directly referable costs where payment is not to an independent third party.

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permission of the court) are entitled to request further information about our fees and expenses. Such requests need to be made within 21 days of receipt of this report. See Rule 18.9 of the Insolvency (England and Wales) Rules 2016 for further detail.

Any guarantor of the Entity with permission of the court or guarantor of the Entity with at least 10% of the total voting rights of all the guarantors having the right to vote at general meetings of the entity (or permission of the court) are entitled to claim by way of court application that the liquidators' fees and expenses are excessive. Such applications need to be made within 8 weeks of the receipt of this report. See Rule 18.34 of the Insolvency (England and Wales) Rules 2016 for further detail.

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APPENDIX A

Abstract of Receipts and Payments in the liquidation during the period from 15 March 2023 to 14 March 2024

	£
Receipts	
Cash in hand	215.04
Third party funds	8,495,802.00
Other debtors - pre liquidation	
HMRC refunds	352,883.30
Pre liquidation HMRC refund	644,390.32
Pre liquidation refund	458,328.65
Post liquidation VAT refund	843.35
Total	9,952,462.66
Payments	
Professional fees - PwC Tax	(40,452.00)
Third party funds	(8,495,802.00)
Office holders fees	(8,011.00)
Sundry appointment costs	(321.00)
Bank charges	(0.55)
Creditor - DCMS	(1,272,938.55)
Pre liquidation creditors	(56,012.62)
VAT to recover	(4,349.00)
Total	(9,877,886.72)
Distributions	
Shareholders	Nil
Total	Nil
Total cash at bank	74,575.94

Notes:

1. Cash funds are held in a non-interest bearing bank account controlled by PricewaterhouseCoopers LLP on behalf of the Entity.
2. The above Receipts and Payments account details cash receipts and payments only. It does not include any non-cash assets, sums settled in cash by third parties, or assets distributed in specie. Please see the assets, liabilities and distributions sections in the main body of the report for details on how the Liquidators dealt with the Entity's non-cash assets and liabilities.

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APPENDIX B

Information on the Entity and the Liquidators

Entity Details

Entity's registered name: Birmingham Organising Committee for the 2022 Commonwealth Games Ltd

Entity's registered number: 11120160

Postal address of principal place of business One Brindley Place, Brindley Place, England, Birmingham, B1 2JB

Liquidators' Details

Liquidators' names: Emma Cray, David Matthew Hammond and Jen Whatcott

Liquidators' postal address: One Chamberlain Square, Birmingham B3 3AX

Liquidator' email: emma.cray@pwc.com
matthew.hammond@pwc.com
jen.whatcott@pwc.com

Nature of appointment: Members' voluntary liquidation

Previous liquidators: N/A

Emma Cray, David Matthew Hammond and Jen Whatcott have been appointed as Joint Liquidators of the Entity to manage its affairs, business and property as its agents and without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Liquidators are controllers of personal data as defined by the Data Protection Act 2018. PricewaterhouseCoopers LLP will act as processor on their instructions. Personal data will be kept secure and processed only for matters relating to the Members' Voluntary Liquidation.

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APPENDIX C

Liquidators remuneration during the period from 15 March 2023 to 14 March 2024

Time costs:

Classification of work	Hours						Total	Total	Average
	Partner	Director	Senior Manager	Managers	Senior Associate	Associates	Hours	Cost	Hourly rate
Accounting & Treasury	0.5	0.0	2.1	4.5	19.5	11.1	37.6	3,429.8	91.2
Administration & planning	0.0	0.0	0.0	0.2	2.0	0.0	2.2	189.8	88.3
Realisation of assets	0.0	0.0	1.2	0.0	0.3	0.8	2.2	253.9	115.4
Client Liaison	2.8	0.0	6.7	0.0	12.0	0.0	21.5	3,011.9	140.4
Creditors/ Liabilities	0.5	0.2	6.0	0.0	14.7	0.0	21.4	2,380.9	111.5
Tax / VAT	2.8	0.0	16.7	0.0	7.4	0.0	26.9	4,140.9	154.2
Statutory & Compliance	6.5	0.7	21.8	0.0	5.8	0.0	34.8	6,270.7	180.2
	13.0	0.9	54.5	4.7	61.5	11.8	146.4	19,677.8	134.4

Charge out rates:

The standard hourly charge out rates applicable to the partners and staff in the Business Restructuring Services department of PricewaterhouseCoopers LLP during the liquidation are noted below.

Grade	£ / hr	£ / hr - specialist tax team
Partners	354	750
Director	233	450
Managers	152 to 120	340 to 182
Associates	85 to 67	162 to 116
Support	67	78

Appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work and the financial value of the assets being realised and/or claims agreed.

All time is charged in six minute increments.