



coventgarden
market authority

Covent Garden Market Authority

Report and Accounts for the accounting period from 1 April 2012 to 31 March 2013



Covent Garden Market Authority
Covent House
New Covent Garden Market
London
SW8 5NX

Price £7.00

Presented to Parliament in accordance with
Section 46 of the Covent Garden Market Act, 1961

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Bankers

Banco Bilbao Vizcaya Argentaria
Vauxhall Branch 17a St George Wharf London SW8 2LE

Auditors

Nexia Smith & Williamson
25 Moorgate London EC2R 6AY

Executive Summary



£1.7m
2011/12



£2.1m
2012/13

Covent Garden Market Authority's (CGMA) Trading Profit

Total income increased by some 9% in the year, and the trading profit before Redevelopment Project costs was also up by 24%.



£604m
Total NCGM
Turnover 2011



£590m
Total NCGM
Turnover 2012

New Covent Garden Market (NCGM) Trade

Total NCGM Turnover £590m - down 2.3% on the previous year.



85% Let
March 2012

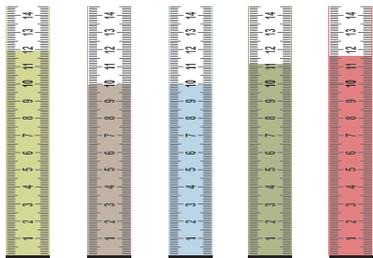


88% Let
March 2013

CGMA's Key Performance Indicators

Occupancy Rate: Total Trading Area

Occupancy of trading space in the largest sector, the core food Market, has increased to 96%. There is also strong demand for units in this area, despite the difficulties in the wider economy.



11.93 9.98 9.98 11.16 **11.68**
2008/09 2009/10 2010/11 2011/12 2012/13

General Service Charge: £ per sq ft

In response to rising costs such as Waste Management, CGMA increased the level of General Service Charge in the year.



12,338
2011/12



12,670
2012/13



to landfill

Environmental Performance

The total volume of waste recycled was up by 2.7% on last year and zero waste sent to landfill.



71%
2012



75%
2013

Customer Service Satisfaction

In an anonymous survey, tenants were asked to rate the quality of service they receive from CGMA staff. 75% rated it good or excellent, up from 71% in the previous year.

Covent Garden Market Authority
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SW8 5NX

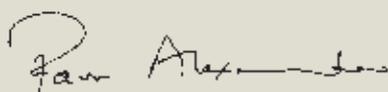
27 June 2013

Dear Secretary of State

In accordance with Section 46 of the Covent Garden Market Act 1961, I submit the Report of the Covent Garden Market Authority, incorporating a Statement of Accounts drawn up in accordance with your directions, for the fifty second accounting period ended 31 March 2013.

I am pleased to report that in this last year CGMA reached another significant milestone in our plans for redeveloping New Covent Garden Market with the signing of a development agreement with our preferred Private Development Partner, VINCI St. Modwen. The plans for our 57 acre site will not only secure the future of the Market but also see the delivery of a world class development that will contribute significantly to the cultural and economic development of Nine Elms on the South Bank.

This is my first report as Chair of Covent Garden Market Authority and I would like to record my thanks to Baroness Dean, who stood down as Chairman in January, for her tireless efforts on behalf of New Covent Garden Market. Her tenure in office saw the redevelopment plans emerge from proposal to the appointment of the PDP. Conscious of the challenges ahead I am grateful for all she has done, not least in making the handover in my new role as smooth as possible.

A handwritten signature in black ink, appearing to read 'Pam Alexander'.

Pam Alexander OBE
Chair

The Rt Hon Owen Paterson MP
Secretary of State for Environment, Food and Rural Affairs
Nobel House
17 Smith Square
London
SW1P 3JR



Chair's Statement

Pam Alexander OBE, Chair, Covent Garden Market Authority

I am delighted and privileged to make my first report to you as Chair of Covent Garden Market Authority (CGMA). New Covent Garden Market has an enviable worldwide reputation and I take up my post at one of the most significant periods in its 800 year history.

The period covered by this report has been an extremely interesting one, not only for the Market and our redevelopment but also for the wider Nine Elms area.

New Covent Garden Market has an enviable worldwide reputation

CGMA reached another major milestone in our plans for redevelopment with the signing of a development agreement with VINCI St. Modwen (VSM) in January 2013. We are now, with VSM, developing and detailing the master-plan for the Market in partnership with our tenants.

Earlier last year we gained approval from the London Borough of Wandsworth for outline plans for the site, a process which had widespread support from a range of stakeholders. Now we are working with VSM to refine and develop these plans. The Flower Market will be consolidated with the Fruit and Vegetable Market south of the railway line. The new *Garden Heart* will link the Markets to the new tube stations, the newly-accessible riverbank, new residences and embassies and the existing communities of Lambeth, Wandsworth and Westminster - the hub of a new food quarter for London.

New Covent Garden Market is one of the key icons in the area

Within the wider area of Nine Elms on the South Bank our neighbours' developments are also underway. In 2015 the first residents at Battersea Power Station will move in and Embassy Garden residents will also arrive in 2015. The US Embassy is due to open its doors in 2017. The two stations bringing the Northern Line to Nine Elms and Battersea Power Station will be completed in 2019. This is the largest development area in the UK, connecting the South Bank to Battersea. New Covent Garden Market is one of the key icons of the area and I am excited to be involved in creating this new neighbourhood.

We have come a long way in this past year. I would like to thank our Board and, in particular, my predecessor Brenda Dean for their commitment to the Market and its future - without their energy, experience and wide ranging skills we would not have got this far. I would also like to thank the CGMA team, led by dedicated Chief Executive, Jan Lloyd.

Although a small team they have succeeded in delivering both high quality service and value for money to our tenants while at the same time working on our part in what is the most exciting redevelopment opportunity in London.

“Covent Garden Market Authority reached another major milestone in our plans for redevelopment with the signing of the development agreement with VINCI St. Modwen”

Chief Executive's Review

Jan Lloyd, Chief Executive, Covent Garden Market Authority

Covent Garden Market Authority's performance

The Market continues to show its resilience during a challenging year with the wider economy sluggish at best. CGMA's total revenue increased by 9% compared to the previous year. Rent from our tenants increased by over 4% reflecting higher occupancy levels. These are extremely positive results in the current climate and confirm that the Market continues to be an attractive place to trade. The operating result after Redevelopment Project costs was a loss of £0.8m compared to a loss of £2.2m in the previous year. As the costs of the feasibility and procurement reduce significantly now that CGMA has entered into contract with our private development partner, the anticipated return to profitability will take place in 2013/14.

In the last few years CGMA has worked to keep down the General Service Charge (GSC). While we continue to drive for efficiencies these are now insufficient to offset rising external costs in running the Market and so there was an increase in the GSC for tenants, from £11.16 per square foot in 2011/12 to £11.68 in 2012/13. This, however, is still lower than it was in 2008/09. It is extremely gratifying to see that satisfaction levels from our customers, the tenants, remain high with some 75% rating CGMA's service as good or excellent.

New Covent Garden Market's performance

As an essential part of the hospitality sector, NCGM is subject to the same forces that affect trade in the capital overall. 2012 was an amazing year for London with the Jubilee and the Olympics. However, this did not translate into the expected bonanza for London's food service sector and general consumer confidence remained fragile.

However, NCGM's total turnover, £590m, was only down by about 2%. It was a better year for the Fruit and Vegetable Wholesalers who saw turnover up by 4.7%. With increasing pressure on the supply chain, Wholesale Distributors saw a modest decline of around 2.5%. The Flower Market saw turnover down nearly 4.7%, as the cut flower sector remains extremely vulnerable to the economic climate. While the looked for uplift in business during the Olympic summer did not materialise, it did pose an extreme logistical challenge to businesses at NCGM. It is a testament to their entrepreneurial spirit that they responded so resourcefully and continued to provide the high levels of service their customers expect.

CGMA runs NCGM with a small and committed team. I would like to thank them for their enthusiastic support and hard work not just day to day but also at times of crisis. During the recent tragic helicopter crash in Nine Elms, they dealt most effectively with the emergency evacuation and then worked tirelessly to keep traders and their customers informed when the Flower Market was closed and then during the subsequent closure of local roads.

Finally I was delighted that Brenda Dean remained in post as Chairman until January 2013, allowing her to join me in signing the contract for the redevelopment of the Market. The project would not have made the progress it did in such difficult economic times without her unfailing commitment to the Market. On behalf of everyone at CGMA and NCGM I would like to thank her for very substantial contribution during her nine years here. We now welcome Pam Alexander into her new role as Chair to the Authority and I am sure that she will build on the solid foundation created by Brenda to see the Market through to completion.



“ it is a testament to businesses at NCGM who responded so resourcefully to the extreme logistical challenge during the Olympic summer and continued to provide high levels of service their customers expect ”



The Future: *The Garden at New Covent Garden Market*



Background

In September 2006 CGMA started the project to redevelop NCGM and replace the old Market with modern facilities. After extensive consultation CGMA drew up the key requirements for the new Market and began the process to appoint a private development partner (PDP) who would deliver not only a new Market but also CGMA's wider vision of *The Garden at New Covent Garden Market*.

The Vision

The Garden at New Covent Garden Market is the identity not only for the new Market but also a range of food and flower activities for traders, customers, suppliers and the wider community. This will secure NCGM's future as the focus for food and flowers in London.

The Plans

In January 2013 CGMA signed a contract with the VINCI St. Modwen (VSM) joint venture as its PDP to deliver the new Market. VSM's mixed use scheme will see the delivery of a world class development that will contribute to the cultural and economic development of Nine Elms on the South Bank.

The entire scheme comprises three sites totalling 57 acres. The new Market will be consolidated onto a 37 acre site providing a new 550,000 sq ft Market to house the 200 businesses that make up the UK's largest fruit, vegetable and flower wholesale Market. The 20 acres of surplus land will be transformed into a new high quality residential-led mixed-use regeneration scheme, providing up to 2,800 homes and 115,000 sq ft of commercial accommodation and community facilities.

The Garden Heart

Acting as a public facing 'front door' to the main Market site will be *The Garden Heart* - the focus for food and flowers in London. This area will include a new public Market as well as other retail and catering outlets showcasing local produce. Above this will be offices together with educational and training facilities creating a significant new food destination in London.

Current situation

This is a long term project, expected to take over ten years to complete, with the new Market being delivered over a five year period as the new Market is built on the existing site whilst the traders continue to trade.

The Garden
at New Covent
Garden Market™

More information is available at
www.newcoventgardenmarket.com

New Covent Garden Market Trade

New Covent Garden Market is the UK's leading wholesale market for fresh fruit, vegetables and flowers

Total Market Trade **£590m** down 2.3%



Total Fruit & Vegetable Wholesalers Turnover up 4.7%

2011
£150m

2012
£157m

Quality Range Expertise

160 types of fruit, **180** different vegetables from samphire to mangoes, mizuna to courgette flowers, NCGM has the **pick of the world's best produce**. The Market is a **launch pad for new varieties**. As well as quality imported produce, **NCGM supports local growers** and **70%** of trade is into food service sector.

Total Fruit & Vegetable Wholesale Distributors Turnover down 2.5%

2011
£203m

2012
£198m

Quality Service Added Value

Daily deliveries - often more than once a day. **Prepared produce** - peeled, sliced, diced, juiced and an **extended product range** - from frozen and dairy to morning and dried goods. **40%** of the fruit and vegetables on the plate outside the home in London has come from NCGM. **20 out of 20** of London's top restaurants are supplied by NCGM.

New Covent Garden Market is over 800 years old. It has been at Vauxhall since 1974.

200 companies trading **fruit, vegetables** and **flowers** but also **dairy, meat, fish, ice** with **more wholesale distributors on one site** than anywhere else in the UK

200 businesses

£590m NCGM turnover

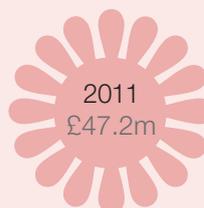
2500 employed

40% London's fruit & veg outside the home

Total Flower Market Turnover down 4.7%

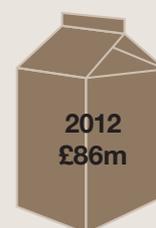
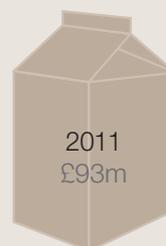
Quality Range Passion

The UK's **only** dedicated flower and plant wholesale market offering the **best of the world** and the **pick of British** flowers, foliage, plants and accessories. Home to contract florists and two leading flower schools. **75%** of London's florists use NCGM.



Total Other Food Companies Turnover down 7.5%

It's not just fruit, veg and flowers... ice and ice sculptures, cheese, milk, yoghurt, meat, fish, sauces, ready meals, frozen desserts and much more besides. **NCGM is also an incubator for new start-ups** with companies growing from small beginnings to award winning enterprises.



Importers

There are a number of **importers, agents and service providers** based at NCGM. The value of this trade is estimated to be some £105m.



About Covent Garden Market Authority



Covent Garden Market Authority (CGMA) owns and runs New Covent Garden Market (NCGM) and is accountable to the Department of Environment, Food and Rural Affairs (Defra). Its income comes from the rents charged for leasing trading and office space and it receives no public money.

£2.1m
CGMA's trading profit

33 staff
employed by CGMA

£0 CGMA receives
no public subsidy

What we do

As a landlord CGMA lets trading and office space at NCGM and gets its income from the rents. As well as letting space it provides all the necessary services for the Market including:

- Maintenance of buildings, plant and equipment
- Cleaning and waste disposal
- Energy supply
- Site security
- Traffic control
- Business development and support.

CGMA supports and promotes its tenants' businesses. This includes marketing, business development and support as well as environmental, health and safety and community initiatives.

The Future

CGMA plans to redevelop NCGM and replace its ageing infrastructure with a modern Market. CGMA's vision is that the new Market, *The Garden at New Covent Garden Market*, will become the focus for food and flowers in London.

Covent Garden Market Authority's Revenue



CGMA generates its income from the rents charged for leasing trading, office and other space.

Leases & Lettings

The occupancy levels shown are for trading units and office space only; surplus land used for short-term parking is not included.

Occupancy of trading space in the largest sector, the core food Market, has increased to 96%. There is also strong demand for units in this area, despite the difficulties in the wider economy.

There have been a number of changes within the Flower Market, with large existing tenants taking on more space and a number of medium sized occupiers further consolidating their position. Some further expansion is anticipated for the coming year as tenants seek to grow their businesses.

While demand for Rail Arches has been steady throughout the year, the occupancy levels have remained static. A number of Fruit and Vegetable tenants have taken short term licences of Rail Arches and we anticipate some of these will convert into full leases.

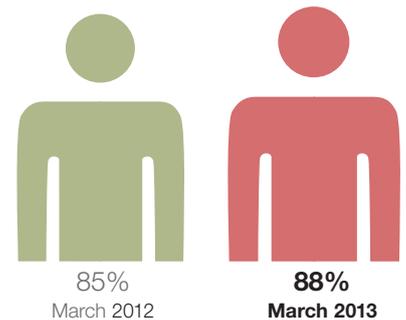
In the year, eight companies left the Market, eight new businesses became tenants and 15 existing tenants took on additional space.

The number of companies in the Market has remained the same in the year at 200.

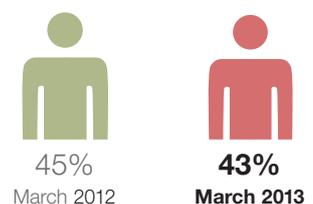
CGMA continues to get enquiries from potential new tenants and actively markets the vacant premises. As the redevelopment approaches, certain units that require significant investment prior to letting will not be made available as the returns on the investment cannot be achieved in the timescale.

Occupancy

Trading Space % let



Offices % let



Non Core Income

In addition to generating income from rents, CGMA looks to exploit opportunities that do not impact on core Market business.

Entry Charges

Receipts from annual entry permits offset the costs of operating NCGM, with casual entry income forming part of CGMA's revenue. The casual entry charge was not increased in the year, remaining at £5.00.

The cost of an annual permit to enter the Market was subject to a small increase in the year with a different scale of prices for tenant permits dependent on vehicle category; commercial or private. Market customer permits were set at one single price regardless of vehicle category. Entry permit costs will be reviewed in 2013.

Casual Parking

Where space is not needed for core Market activities it is let for other uses such as parking for external organisations. CGMA also has some contracted coach parking with prices commensurate with other London facilities. Meetings regarding coach parking are held three times per year with Transport for London (TfL) with an emphasis on major London events in particular. NCGM is a facility now listed on the TfL website and featured in Coach Parking In London 2013, a TfL publication. Notable events in the year included the Jubilee celebrations and, of course, the London Olympics which generated one off contracts providing a sizeable contribution to CGMA's non-core income. The flexible nature of the site remains attractive to event organisers working in the local area.

Sunday Market

The Sunday Market, known locally as Nine Elms Sunday Market, continues to be operated by CGMA. This large and diverse retail market performs an important part of the social and economic structure of not only the local community but larger areas of South West London. The extensive range of good value merchandise and produce regularly on offer proves to be consistently popular and the market is well attended. Saunders Markets Limited (SML) manages the Sunday Market on behalf of CGMA.

The Market has again performed well throughout the year despite extreme weather conditions on numerous trading days. The Sunday Market liaison committee comprising local trading standards and environmental health officers (TSOs and EHOs) and police meet on an ad hoc basis. The CGMA and SML continue to support 'The Real Deal' designed to protect both consumer and traders' interests. CGMA and SML also enthusiastically support NABMA (National Association of British Market Authorities) and participate in the Love your Local Market initiative that is designed to stimulate markets and improve the customer experience. As part of Love Your Local Market in 2012, eight first time traders were offered a trading stall place at no charge on the market, one of which has become a regular market trader.

An additional smaller scale Saturday retail market was started in November 2012. The weather conditions experienced throughout the winter months have challenged the success of this market venture so far. However, if it ultimately proves successful the trial will be extended.

It is envisaged that both the Saturday and Sunday Markets will continue to trade throughout the redevelopment process albeit in temporary locations around the site and possibly with a reduced capacity. It is the intention of CGMA that both markets become an integral part of the operation of NCGM through the redevelopment and form part of CGMA future business plans.

Commercial Operations

Director's Report

Bob Marlow, Commercial Operations Director, Covent Garden Market Authority

As well as leasing warehouse space and offices, CGMA manages all the necessary facility services for its tenants including cleaning and waste disposal, energy supply, site security, traffic control and the maintenance of buildings, plant and equipment and roads. Service charges are levied for these activities.

Operation of NCGM

CGMA is responsible for managing and maintaining NCGM. In carrying out that responsibility it has three main objectives:

- 1 Health and Safety:** to promote a full awareness of health and safety issues amongst its staff, contractors, tenants and all users of NCGM.
- 2 Environment:** to reduce its impact on the environment by improving the environmental performance of its operations and by actively working to improve those of companies based at New Covent Garden Market as a whole.
- 3 Value for Money:** to deliver value for money to its tenants through improved services and reduced costs.

CGMA's staff manage the maintenance, security, cleaning and waste through external contractors and outsourced labour.

Health and Safety

The Health and Safety Steering Group (HSSG) is made up of representatives and invitees from the full spectrum of stakeholders across the Market community including Wandsworth's Environmental Services Department. CGMA's third party health and safety advisor, Quantum Risk Management, also sits on this group. Key health and safety issues are addressed in a practical way designed to encourage maximum engagement from the Market community.

The HSSG meets regularly to review health and safety with an open invitation to all stakeholders. Health and safety is also a permanent item on the agenda of operational meetings, including the Joint Liaison Committee (JLM) with tenant representatives, and of the Audit Committee.

CGMA is responsible for health and safety in the public areas of the site with Quantum Risk Management appointed as a third party health and safety support service and advisor.

Tenants are responsible for health and safety within their leased premises. CGMA recognises that many small and medium sized businesses on site have need of health and safety advice and encourages those companies to seek this support in order to meet their health and safety obligations. CGMA continues to arrange for delivery driver training to be provided for tenants to assist them in their driver Certificate of Professional Competency (CPC) accreditation.

There were 42 recorded incidents on site, a reduction of five on the previous year's total of 47. This number includes thefts and break-ins as well as accidents.

Site improvements this year include: the provision of additional traffic calming measures: extensive physical pedestrian and vehicle segregation systems; further signage; additional lighting to improve pedestrian safety and re routing of traffic at peak times to assist in the ease of congestion.

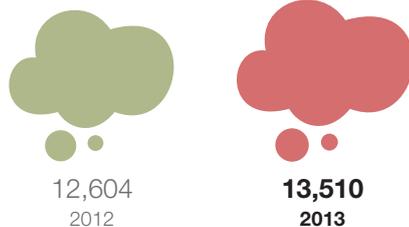


0 to landfill

75% of customers rate CGMA's service as good or excellent

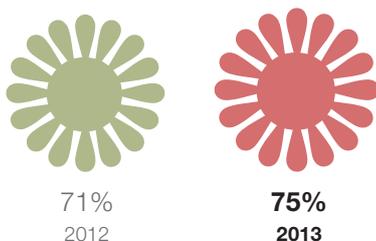
CO₂ Emissions (tonnes)

up 7.2%

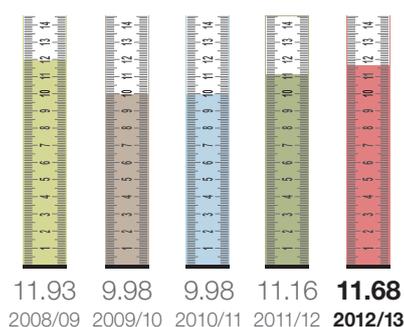


Customer Satisfaction

up 4% points



General Service Charge £ per sq ft



Environment

CGMA recognises the importance of reducing the carbon footprint of NCGM. Reductions were particularly challenging this year, partially due to adverse weather and also failures in aged infrastructure. Current levels are expected to be maintained up to the commencement of the redevelopment project and the associated decommissioning of equipment.

CGMA's electricity consumption for the year was up by 4% as a result of high summer consumption and an increase in demand for cooling, as well as the conversion of the Link House heating from a gas to an electric system due to equipment failure. The gas for the year was up by 34.9% directly attributable to the extended severe weather conditions during the winter and early spring period.

The overall CO₂ produced by gas and electric was up to 13,510 tonnes compared to 12,604 tonnes for the previous year. This represents a 7.2% increase, but was in the context of a 37% increase in degree days from 1819 to 2498.

Value for Money

Customer Satisfaction

CGMA is committed to providing value for money to its tenants through improved services and reduced costs. An anonymous survey of tenants was carried out asking how they rated the service they had received from CGMA staff. 75% said that service was good or excellent. This was up on the previous year's rating of 71%.

Service Charges

In line with other large multi tenanted sites including other produce markets, tenants pay a General Service Charge (GSC) that covers the running costs of NCGM, including energy to common areas, waste, cleaning, security, maintenance and insurance for the common parts.

The budget for these services is reviewed twice during each year with the tenant community at the Market Finance Committee (MFC) and the costs are allocated to individual tenants on a square footage basis across all units. CGMA is responsible for all GSC charges on empty property.

Special service charges are also levied on the Flower Market for services specific to that building, such as temperature and humidity control and for the services of a carrying-in gang bringing produce from the loading dock into the Market hall.

As a result of rising costs in 2012/13 and despite continuing efforts to offset rising external costs by internal efficiencies CGMA was obliged to increase the GSC rate to £11.68 from £11.16 the previous year. This is still lower than in 2008/09.

Regular joint liaison meetings (JLM) are held with the tenant community to ensure that high standards of service are maintained and that any issues can be addressed collaboratively before they become problems.

Upkeep & Capital Works

The consistently high demand placed upon the ageing buildings and infrastructure necessitate constant review of maintenance on site. CGMA's operational staff manage maintenance through planned and preventative regimes specified through external contractors and outsourced skilled operatives. While CGMA is committed to providing a safe and clean Market, all works have to be considered against the impending redevelopment horizon.

CGMA continues to try and minimise capital expenditure whilst maintaining a safe site. This year works have continued on health and safety. Further investment has been made in upgrades to recycling equipment and machinery.

The capital expenditure in the year amounted to £0.3m (2011/12: £0.2m).



Cleaning & Waste Management

CGMA manages the waste systems on site through Interserve Ltd which provides equipment and operatives. Tenants play an integral part in the management of the waste system by a primary waste sort at their premises before CGMA carry out a secondary waste segregation at the waste compound. Pay as You Throw (PAYT), the system by which each tenant pays for the waste they generate, is fully embedded on the Fruit and Vegetable Market.

CGMA ensures all organic waste continues to be treated through sustainable systems and no organic waste is sent to landfill.

Security

OCS continues to provide the security services at NCGM. Service levels have been enhanced through further training of all staff from Supervisory to Security Officer level. During the year selected OCS personnel have received specific training to assist them in performing safety inspections including: hazard identification, conflict resolution and vehicle safety. Duties have also been extended to include regular monitoring of traffic and driver behaviour on site. A collaborative approach with tenants and Market users in policing the site has been developed and crime on site is low and of a minor nature.

Total Volumes of Recycled Waste (tonnes)

up 2.7%



12,338
2011/12



12,670
2012/13



to landfill

Business Development and Support

CGMA works actively to support and promote its tenants' businesses.



256+ visitor tours

2000+ event attendees

31 companies signed up to Red Tractor

10 companies signed up to FORS

£30k+ publicity for NCGM companies

SEEDS (Skills, Enterprise, Economic Development Support) is a dedicated resource for NCGM's 200 businesses.

During the year, SEEDS has conducted over **256** tours, held events for over **2,000 attendees**, signed up **31 companies** to Red Tractor and **10 companies** to the Freight Operator Recognition Scheme as well as providing over **£30,000 of publicity** for NCGM companies.

Promoting NCGM

In response to the increasing demand for information about when British produce is available, a new seasonal chart has been created which has been well received by traders and chefs alike.

As well as posting monthly Market blogs on-line, attracting some 2,280 visitors a month, SEEDS also actively promotes NCGM through social networking.

On Twitter the two Market accounts, **@MarketFood** and **@MarketFlowers** have over **6,500 followers**. NCGM videos on **YouTube** have had more than **23,500 views**.

During the course of the year, six Food & Flower Events were held attracting over **2,000 attendees**. Satisfaction feedback rates from these events are consistently over 85%.

SEEDS has also promoted NCGM through 14 features in leading trade magazines with an advertising value equivalent of **over £30,000**.

Supporting Business Development

NCGM is the only wholesale Market to have a complete chain of custody with 31 companies with Red Tractor accreditation. There is growing demand from the food service sector for British produce and for traceability. The Red Tractor mark provides this and sets NCGM apart from other wholesale markets.

SEEDS has been able to facilitate a range of free training for NCGM tenants, including free CPC driver training, Food Hygiene courses as well as health and safety training.

Membership of Freight Operator Recognition Scheme has helped a number of companies in tendering for business as well as bringing cost savings through support for improved driver behaviour.

SEEDS worked closely with Transport for London to provide support and information in the run up to and during the Olympic Games. 80% of those tenants surveyed found this support useful.

Media

Work in both the Fruit and Vegetable and Flower Markets has been covered extensively in the trade press. During the year NCGM has also appeared on **Great British Menu • The One Show • Radio 4's Food Programme • Britain's First Photo Album • BBC London News • Radio 4's Farming Today** and BBC 2's **A Picture of London**.





- 1 **Champion Fruit & Veg** May 2012
- 2 **Taste of London** June 2012
- 3 **Inn the Market Chef Event** March 2013
- 4 **Summer Berries Tutored Tasting** June 2012
- 5 **Edible Garnishes Tutored Tasting** Feb 2013
- 6 **College Day** Nov 2012
- 7 **Potato Masterclass** Sept 2012
- 8 **Roots Masterclass** Jan 2012
- 9 **Baby Bloom** May 2012
- 10 **Ethical Eats** May 2012
- 11 **Radio 4's Food Programme** Dec 2012

The Wider Community



1000+
student visitors

£27,911 given
as grants in the year

Stakeholders

CGMA communicates widely with all those interested in NCGM, its current activities and its future plans. This takes many forms: a regular newsletter for the Market community, press releases, the website, visits and briefings as appropriate.

During the year CGMA had important links with:

Thrive • Linking Environment and Farming • National Farmers Union • Flower Wholesale Trade Association • Fresh Produce Consortium • Greater London Authority • Sustain • British Floristry Association • National Association of British Market Authorities • World Union of Wholesale Markets • Guild of Fine Food • Improve • Quality Food Awards • Royal Horticultural Society • Academy of Culinary Arts • Transport for London • VauxhallOne • Craft Guild of Chefs • Museum of Garden History

Schools Project: 'Sprouts'

The schools project, Sprouts, has been running at New Covent Garden Market for the last six years. It was set up as a partnership with the London Borough of Wandsworth Children's Services and currently works with eight local primary schools (at Key Stage Two), including one special needs school.

Sprouts works to give children the chance to understand how food gets to the plate. Each school visits a farm to see commercial growing first hand and follows the food journey into NCGM to see how the produce is sold and delivered on to the kitchen. At the same time, during their visit, they explore healthy eating through a series of sensory tables and by tasting fruits and making smoothies.

Over 1000 students have visited NCGM through this project.

CGMA Community Fund

In 2011 CGMA set up a Community Fund to help local projects. Grants of between £500 and £5,000 were made available to groups delivering work under the following themes:

- Food and growing
- Enterprising communities and supporting job creation
- Supporting young people at risk to find a positive future
- Tackling elderly isolation and exclusion and improving wellbeing.

In the year CGMA has made grants totalling £27,911 (2011/12: £24,139). The fund is managed by London Community Foundation which handles the applications, monitoring and evaluation of the projects. Six awards have enabled projects to work directly with over **197** local residents, benefit **422** local residents and support **44** volunteers.



Nine Elms on the South Bank

CGMA is also an active member of the Nine Elms and Vauxhall Partnership Board and Jan Lloyd, CGMA CEO, chairs the Employment and Business Working Group. As a Governor of Lambeth College, Jan links with local colleges, local authorities and Job Centres to maximise employment opportunities for local residents and business by ensuring that they know about the Market and have the right level of skills. CGMA also played an active role in the successful setting up of the Vauxhall Business Improvement District, VauxhallOne.



Association of London Markets

In the year Jan Lloyd, CGMA CEO, served as Chairman of the AoLM. The AoLM is the London chapter of National Association of British Market Authorities (NABMA) and helps in representing the views of the London markets at a national government level.

World Union of Wholesale Markets

In the year Jan Lloyd, CGMA CEO, was appointed to the Board of the WUWM and is the Chair of the European Regional Group.

Visits

During the year there have been visits from a wide range of countries including visitors from USA • Finland • South Korea • China • Australia • Holland • France • Chile • Dominican Republic • Jamaica • Israel • Bulgaria



Finance Director's Report

Clive Morton, Finance Director, Covent Garden Market Authority

The Authority produced an increase in profit on normal trading activities for the year.

Although reporting a loss after tax of £0.7m, this is after absorbing costs associated with the Redevelopment Project of £2.9m.

Accounts Presentation

The Authority's Accounts are presented in a form directed by Defra and approved by HM Treasury. The presentation adopted is the recommended format. The Accounts have been prepared under International Financial Reporting Standards. They continue to be presented under the historical cost convention as modified by the 1977 valuation of the Authority's properties.

Trading Income

Total revenue increased by some 9% compared to the previous year. Rent from our trading and office tenants increased by 4.2% reflecting an improvement in occupancy levels during the year. Other income, which mainly consists of car and coach parking charges and income from our weekly Sunday Market, increased by 10.5%, boosted by the demand for parking space during the Olympic Games and other additional event parking. Rising underlying costs led to an increase in General Service Charge, by which we pass on the costs of running the Market to tenants, from £11.16 to £11.68 per square foot.

Operating Costs

Staff costs for the year were 5.3% higher than the previous year due to the payment of Redevelopment Project related bonuses.

Other operating costs increased by 8.7% as a result of increases in electricity and gas usage and prices, Market security costs and the cost of waste disposal and cleaning. As a result, operating profit before Redevelopment Project costs was £2.1m (2011/12: £1.7m), an increase of 24%.

Costs of the procurement process and planning application associated with the Redevelopment Project were £1.0m (2011/12: £3.9m).

During the year the Authority settled a claim relating to the redevelopment procurement process by a payment of £1.0m. Legal costs incurred in dealing with the claim were £0.9m.

The operating result after Redevelopment Project costs was a loss of £0.8m compared to a loss in the previous year of £2.2m.

Interest receivable for the year was £0.04m (2011/12: £0.1m).

The loss before taxation for the year was £0.8m (2011/12: £2.2m).

Result for the Financial Year

A corporation tax charge for the year of £0.04m (2011/12: £0.4m) was offset by a deferred tax credit resulting in a net credit of £0.04m (2011/12: £0.4m charge).

The loss for the financial year after taxation was £0.7m (2011/12: £2.5m).

Since 1999/2000, at the direction of the Minister, the transfer of annual surpluses to Defra has been suspended and the sums have been retained by the Authority for use in financing capital re-investment for the Market. Such retention and use is subject to the continuing agreement of Defra and HM Treasury.

Pension Fund

The accounts are prepared in accordance with IAS19, the IFRS accounting standard which relates to accounting for pension funds.

As at 31 March 2011, the Authority's defined benefits scheme ceased the accrual of future benefits. The Authority continues to make a monthly contribution to reduce the existing deficit in the Scheme. The valuation in compliance with International Accounting Standard 19 as at 31 March 2013 generated an actuarial loss in the year of £0.7m. This has been recognised within the Statement of Comprehensive Income.

From 1 April 2011, the Authority introduced a new defined contribution personal pension scheme available to all staff.

Net Cash Flow

The level of cash and cash equivalents for the year was broadly constant (2011/12: £2.2m decrease). This was despite the net cash outflow associated with the Redevelopment Project costs. The Authority ended the year with substantial cash or cash equivalent balances of £8.9m (2011/12: £8.9m).

Capital Expenditure

Capital expenditure during the year totalled £0.3m (2011/12: £0.2m) including waste recycling machinery, security equipment and health and safety improvements.

Total Equity

The total comprehensive income for the year resulted in a decrease in the value of net assets, after allowing for provisions for liabilities and charges, to £8.7m (2011/12: £9.9m).

The sum of £3.0m identified in note 20 as 'Future Expected Dividend Payment' to Defra represents funds retained as a contingent liability by the Authority following the sale of Market Towers in 1987. Funds available to the Authority (excluding tenants' deposits and the future expected dividend payment) amounted to £3.9m (2011/12: £3.9m).

Key Performance Indicator: Break Even

The financial duty provided by s37 (1) of the Covent Garden Market Act 1961 as amended by the Covent Garden Market Act 1977 is that:

'It shall be the duty of the Authority so to exercise and perform their powers and duties as to secure that their revenues are not less than sufficient to meet all sums properly chargeable to revenue account, taking one year with another.'

Notwithstanding the loss made in the financial year 2012/13, it is considered that, having regard to the profit made in previous years, taking one year with another the requirement has been met.

Governance Statement

Responsibilities

As Accounting Officer I have responsibility for maintaining a sound system of risk, governance and internal control that supports the achievement of the Authority's policies, aims and objectives while safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me under government accounting. In addition I am accountable to the Accounting Officer of Defra to enable her to discharge her overall responsibility for ensuring that the Authority, as a statutory corporation, has adequate financial systems and procedures in place. The relationship between the Authority and its sponsoring department, Defra, is set out in a formal Management Statement.

In managing the affairs of the Authority, members of the Authority have adopted a Code of Practice in regard to their behaviour. The Code adopted is that recommended by government for use by members of non-departmental public bodies and covers public service values, standards in public life, the role of board members, the role of the chair, handling conflicts of interest, the personal liability of board members and the seven principles of public life.

It is the Authority's policy to recognise best practice in financial reporting and corporate governance, and to comply with the Combined Code on Corporate Governance issued by the Financial Reporting Council, insofar as these are appropriate to a statutory corporation and consistent with the requirements of the Covent Garden Market Acts.

Authority Members' Responsibilities

As required by the Covent Garden Market Acts 1961-1977 and company law, the Authority Members prepare financial statements for the financial year which must give a true and fair view of the state of affairs of the Authority as stated at the end of the year and of the profit and loss account for the trading year.

In preparing these statements, the Authority Members have adopted suitable accounting policies and have applied them consistently, made judgements and estimates that are reasonable and prudent, and have complied with all applicable accounting standards, and the directions of the Covent Garden Market Acts and the Secretary of State for Environment, Food and Rural Affairs.

The Authority Members are responsible for ensuring that adequate accounting records are maintained which disclose, with reasonable accuracy at any time, the financial position of the Authority, and enable them to ensure that the published financial statements comply with the requirements of the Covent Garden Market Act 1961. In addition, the Authority Members are responsible for safeguarding the assets of the Authority and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Authority's Board is satisfied that appropriate control systems are in place within the Authority's management to achieve these ends. Regular reports of financial performance against budget are received from management by the Authority's Board.

The Authority's Board

CGMA is governed by a Board comprising a Chair and a maximum of seven other Non-Executive Members, appointed by the Secretary of State for Environment, Food and Rural Affairs. One of these members is nominated by the Secretary of State for Transport. Their appointment is fixed for a period of three years and their remuneration is set by the Secretary of State. Subject to performance, Board Members may be reappointed once without competitive selection. The appointments are intended to ensure a balance of skills and experience relevant to the various sectors of the business.



The Board meets at least bi-monthly and receives reports from the management on key aspects of the Authority's business. It brings an independent judgement to its oversight of the direction, strategy and corporate objectives of Covent Garden Market Authority.

A register of Members' declared interests is maintained at the Authority's offices and is available for inspection on application in writing to the Chief Executive.

| | Board | Audit | Finance & Strategy |
|---------------------------------|--------------|--------------|-------------------------------|
| Total number of meetings | 13 | 4 | 4 |
| Pam Alexander | 2/2 | - | - |
| Baroness Dean | 11/11 | - | - |
| Bill Edgerley | 13/13 | 3/4 | 3/3 |
| Helen Gordon | 12/13 | - | - |
| Michael Paske | 13/13 | - | 4/4 |
| Stephen Plent | 6/7 | 2/2 | 1/1 |
| Glyn Smith | 12/13 | 4/4 | - |
| John Wilson | 12/13 | 2/2 | 4/4 |

Audit Committee

The Audit Committee comprises three members of the Board. Membership at the year-end consisted of Glyn Smith FCA (Chairman), Bill Edgerley and John Wilson. The Chief Executive, in her capacity as Accounting Officer attends meetings. The Committee is required to review internal accounting and financial procedures and ensure that these are satisfactory and to receive reports on the internal and external audit of the Authority's affairs.

The Audit Committee met four times during the year ended 31 March 2013. The Chairman of the Audit Committee gives regular reports to the Board concerning internal control and in addition reports are provided by managers on action being taken to manage risks in their areas of responsibility including progress reports on key projects.

During the year the Audit Committee considered all matters within the Committee's terms of reference, in particular:

- External audit strategy and report
- Internal audit scope, authority, programme and report

- Risk management
- Annual accounts and accounting policies
- Health and safety
- Business continuity
- Anti-fraud, money laundering and bribery policies
- Whistleblowing procedures.

Finance & Strategy Committee

The Finance and Strategy Committee comprises three members of the Board. Membership at the year-end consisted of Michael Paske (Chairman), Bill Edgerley and John Wilson. The Committee reviews, recommends to the Board for approval and monitors the Annual Budget and the Business Plan which supports it, and the Long Term Business Plan.

Redevelopment Project Board

In July 2006 a Redevelopment Project Board was created to advise the CGMA Board on the Redevelopment Project for NCGM. From 1 January 2012 the Redevelopment Project Board was subsumed into the Board as a separate agenda item. The members of the former Redevelopment Project Board or their successors attend the Board meeting for that agenda item. During the year ended 31 March 2013, the following regularly attended for that agenda item:

| Member | | Organisation |
|-------------------------|--|---------------------|
| Jan Lloyd | CEO & Project Sponsor | CGMA |
| Clive Morton | Finance Director & Authority Secretary | CGMA |
| Bob Marlow | Commercial Operations Director | CGMA |
| Helen Evans | Director, Business Development & Support | CGMA |
| Chris Townend | Project Director | CGMA |
| Susanna May | | Defra |
| Georgina Collins | | Defra |

The Board receives a monthly report from the Project Director covering all key aspects of the Redevelopment Project, including programme, budget and risk management. Other advisers and stakeholders are invited to attend as necessary. The Covent Garden Tenants Association (CGTA) has attended open sessions.

A variety of professional and specialist advisers have contributed to the Redevelopment Project during 2012/13, working as a Project Team in conjunction with the Authority management. During the year the Authority obtained outline planning permission for the redevelopment of NCGM and, following the settlement of a claim by the failed bidder in respect of the procurement process, entered into a Development Agreement with Vinci St. Modwen (VSM).

The Authority as a Going Concern

The Authority's Board is required to give an opinion as to whether there is a reasonable expectation that adequate resources exist for the Authority to continue in operational existence for the foreseeable future. Any such view must be qualified by the pressing need for substantial investment in the Market's facilities. In the absence of funding for such investment it is the opinion of the Authority's Board that the continuing long-term viability of the Authority's business would be potentially at risk.

The System of Internal Control

The system of internal control is designed to manage to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the

risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2013 and up to the date of approval of the Report and Accounts, and accords with HM Treasury guidance.

The Authority's internal auditors operate in accordance with Government Internal Audit Standards. They submit regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Authority's system of internal control together with recommendations for improvement.

Risk Management

The responsibilities for risk management are:

- The Board has responsibility for overseeing risk management within the Authority
- The Audit Committee has responsibility for reviewing the systems of internal control
- The Chief Executive, as Accounting Officer, has responsibility for ensuring that effective systems of control are maintained and operated
- The management supports, advises and implements policies approved by the Board and is committed to adopting good risk management practice.

The risk management process within the Authority consists of the identification of risks facing the various sectors of the Authority's business, their classification in terms of likely occurrence and consequences. Priority is given to mitigating the highest risks.

The senior management reviews risks on a regular basis both at an operational and strategic level. The principal risks and uncertainties facing the Authority are reviewed at each Audit Committee meeting and reports are made to the CGMA Board.

The Authority considers that the principal risks and uncertainties facing its business and strategy are:

Redevelopment Project Failure - Internal Factors

The Redevelopment Project is inherently complex with numerous critical factors. CGMA continues to provide resource to manage the project to deliver a new Market in partnership with VSM. The redevelopment would be liable to fail if CGMA was not appropriately resourced and funded to manage its area of responsibility.

This risk is mitigated by recruitment of appropriately qualified staff and advisers and by robust reporting procedures monitored by the CGMA Board.

Redevelopment Project Failure - External Factors

The Development Agreement with VSM is conditional on a number of factors including obtaining the necessary planning consent. The successful completion of the Redevelopment Project is dependent on numerous economic, political and business factors.

The strongest mitigation of this risk is commitment of the necessary resources working with VSM, to make a success of the redevelopment project by addressing all factors within the Authority's influence. If the Redevelopment Project failed, then an extended holding plan would be required. The current relatively short-term horizons for site and buildings' maintenance would be extended. However, there is a risk that this would not prevent an inexorable decline of the Market. The lack of confidence in the future would lead to a lack of investment by tenants and a weakening of the business base at Nine Elms. A long-term solution would still be required to be developed in conjunction with Defra.

Loss of Stakeholder Support

The redevelopment cannot succeed without the support of government, town planning authorities, tenants and other stakeholders.

This risk is mitigated by maintaining dialogue with all stakeholders as the Redevelopment Project proceeds. Defra attends the Board for the Redevelopment Project's Agenda item. Appropriate contacts are being maintained with the town planning authorities; there has also been considerable input from tenants into the requirements for the new Market. As CGMA is now in contract with VSM and can engage openly with the Market community, a full programme of tenant engagement including briefings, workshops, drop-ins, and information leaflets has been developed to ensure tenants' views are taken into account in finalising the master plan and then the detailed design of the new Market. As the concepts for the Market become clearer, we will continue to engage with the local community.

Policy Change

The strategic and policy framework for the redevelopment is determined by the government and town planning authorities. A significant change to that framework could undermine the redevelopment project.

By way of mitigation of this risk, the Authority seeks to ensure that the issues facing the Market are properly communicated to those who directly influence policy and to the wider community. The Authority uses professional town planning consultants to engage in formal planning processes and a communications agency to advise on more general communications.

Loss of a large part of the site

A fire or other major incident could seriously affect the business of the Market.

Preventative measures in place include: risk assessments, the use of hot works control permits, regular third party inspections, regular cleaning, and the provision of guidance to tenants on how to minimise their risk.

The extensive and unique nature of the Nine Elms site could give rise to a variety of potential major incidents. The Authority's Business Continuity Plan therefore identifies critical functions, the timely assembly of a dedicated management team and relevant contacts for every aspect of the site and the Authority's business.

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee, and I continue to address weaknesses and ensure continuous improvement of the system.



Jan Lloyd, Chief Executive, Covent Garden Market Authority

Foreword to the Accounts

History, Statutory Background & Principal Activities

Covent Garden Market Authority is a statutory corporation established in 1961 by Act of Parliament. The Authority was initially charged with the duty of providing the horticultural wholesale Market facilities then located at Covent Garden WC2, and improving them.

The Authority recommended that the Market should be relocated and a scheme was devised for its transfer to a new site at Nine Elms, SW8. These proposals were approved by Parliament in 1966 and land was purchased on which the new Market facilities were built. The capital cost of the new Market was funded by Government loans, the final balance of which was repaid in March 1990. The freehold title of the lands at Nine Elms, some 57 acres, is vested in the Authority together with a leasehold interest until 2073 from The British Rail Property Board over the area beneath the railway viaduct crossing the site.

The Market moved to the new site in 1974 and currently has some 200 tenant companies, of which 133 are wholesale and distributive tenants in the horticultural sector. There are 67 other tenants, including importers and firms supplying foodstuffs and catering and other services.

In addition to providing facilities, such as warehouse and office premises, market halls, roads and vehicle parks, the Authority undertakes the supply of services needed by the Market community: cleaning and waste disposal, energy supply, site security, traffic control and the maintenance of buildings, plant and equipment. A night-time portering service is provided for the delivery of produce to traders' premises in the Flower Market. Expenditure on these services is recovered from Market tenants via service charges which are reviewed annually in line with costs and following consultation with Covent Garden Tenants Association. The provision of services is through commercial contracts placed with specialist suppliers.

Equal Opportunities & Equality Act 2010

CGMA continues to be an employer that strongly advocates and promotes equality of opportunity regardless of an employee's gender, age, marital or civil partnership status, sexual orientation, religion or belief, colour, race or ethnic origin, disability and pregnancy and maternity. This extends to a further statutory duty to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people and to foster good relations between people who may or may not have the above protected characteristics.

CGMA senior management strongly believe that it applies the principles of the Equality Act 2010 and demonstrates leadership in matters of equality and diversity. It is developing a clear and cohesive action plan in accordance with its Public Sector Equality duty.

The objectives that CGMA propose to adopt to achieve this include senior management demonstrating clear leadership with regard to promoting diversity and equality into every area of the business, the continuation of an inclusive, confident and zero tolerance workplace free from bullying, harassment and discrimination and the maintenance of a continuing programme of employee engagement and involvement.

Contractual Arrangements Essential to the Business

CGMA has lease agreements with each of its tenants.

The principal supply contracts during the year were with Interserve (Facilities Management) Ltd for cleaning, collection and pre-treatment of waste, OCS Group UK Limited for security, Atmosclear Building Services Ltd for mechanical maintenance works and JW & E Morris & Son Ltd for electrical maintenance.

Saunders Markets Limited have a contract to manage the weekly Sunday Market.

Business Review

Pages 9 to 31 of this Annual Report form the Business Review as defined by s417 Companies Act 2006.

Fixed Assets

The book value of tangible fixed assets, allowing for additions and disposals and adjusting for fully written off assets, but before allowing for annual depreciation charges, was £16.3m. It is the Authority's opinion that the market value of the Market land and buildings now exceeds the book value shown in the Accounts.

Political and Charitable Donations

The Authority does not make political donations. Charitable and other donations during the year amounted to £27,911 (2011/12: £24,139).

Business Prospects & Going Concern

The Authority's Board believes that the Market must change if it is to continue to provide a high level of service to wholesalers and London businesses in the 21st century. It has been clear that updating Market facilities will require considerable investment which was unlikely to be funded by the Government. The successful completion of the conditions of the contract with VSM is the immediate focus of CGMA with Defra's support. Once the contract goes unconditional, the rebuilding of the Market should be secured.

Subject to the comments made in the Statement on Corporate Governance below, the Authority is satisfied that the current prospects remain favourable and that it should be regarded as a going concern. Substantial investment is needed in the Market's facilities and if this is not delivered within a reasonable timescale the future viability of the Authority's business would be at risk. This situation is being addressed through the Redevelopment Project and the contract with VSM.

Open Government & Publication Scheme

The Authority has adopted a Model Publication Scheme, in accordance with the provisions of the Freedom of Information Act 2000. Full details of the Publication Scheme are available on the Authority's website

www.newcoventgardenmarket.com

Complaints Procedure

The Authority aims to resolve complaints when and where they occur. When this is not possible the following procedure would be followed:

- The Authority undertakes that all complaints received will be addressed promptly and investigated impartially and that it will try to reach a satisfactory resolution.
- A complaint should be submitted to the Authority as soon as possible after the event that has given rise to it. In the first instance full details should be sent to the Authority's Secretary giving the names and positions of any Authority staff involved. Where possible communication should be in writing or by e-mail to the Secretary. Where the circumstances are urgent, contact may be made by telephone or in person.
- The Chief Executive will investigate all formal complaints and the outcome of each investigation will be communicated to the complainant as soon as possible.



Payment of Creditors

It is the Authority's policy to settle all accounts for goods and services (unless subject to a dispute) in accordance with the terms agreed at the time of placing the contracts or orders to which these relate and generally to comply with the principles of the CBI Code of Practice for payments to creditors.

Health and Safety

The Authority works with the London Borough of Wandsworth on all health and safety matters throughout the site. The Authority is directly responsible for all public areas of the Market. Key areas of focus are safe systems of work for all maintenance work on site, traffic management, checking fork lift truck compliance and the registering of all fork lift truck drivers. Tenants are responsible for their own business operations and are offered the support of the Authority.

Environment

The Authority is committed to reducing its impact on the environment by continuously improving the environmental performance of its operations and by actively working to improve those of companies based at New Covent Garden Market as a whole.

CGMA works to reduce its environmental impact by:

- Educating and informing both employees and tenants in environmental issues and the environmental impacts of their activities
- Working with contractors and suppliers to enhance their understanding of the relevant environmental issues and ensuring effective management of environmental impacts
- Monitoring progress and reviewing environmental performance on a regular basis
- Recognising the need to comply with relevant environmental legislation as a minimum level of performance. Where no specific legislation exists the Authority will seek to set its own standards for compliance.

The Board

Members of the Authority (as at 31 March 2013)



Pam Alexander OBE

**Chair and Authority Member from
1 February 2013**

Appointed until 31 January 2016

Currently

Non-executive Director
Crest Nicholson plc, Cabe at the Design
Council and the Academy of Urbanism

Chair
Thanet Regeneration Board

Trustee
Design Council
Brighton Dome & Festival Limited

Member
London Mayor's Design Advisory Group
Appeals Committee for Limnerslease,
Watts Gallery, Surrey

Previously

Chief Executive
South East England Development
Agency (SEEDA) from 2004 to 2011

Chair
Peabody Trust from 2004 to 2009

Chief Executive
English Heritage

Deputy Chief Executive
Housing Corporation

Senior Civil Servant
Department of the Environment



Bill Edgerley* **

**Authority Member from
1 March 2010**

Appointed to 28 February 2016

Currently

Trustee
Cutty Sark

Chairman
Cutty Sark Enterprises

Advisor
National Maritime Museum
DCMS

Previously

Managing Director
P&O Estates Limited 2005-2009
P&O Developments Limited 1994-2009

Chief Executive
Riverbus Partnership 1991-1993

Pre 1985 worked for
United Nations High Commissioner
for Refugees
Civil Engineering Consultancy Practice



Helen Gordon

**Authority Member from
21 September 2007**

Appointed to 20 September 2013

Currently

Global Head of West Register
RBS 2011 to date

Trustee of College of Estate Management
2007 to date

Previously

Life Fund Director
Legal & General Investment Management
2003 to 2011

Group Property Director
Railtrack Group plc 1997 to 2003

Managing Director
John Laing Developments 1987 to 1997

Former Board Member
British Waterways Board 2000 to 2006



Michael Paske**

**Authority Member from
21 September 2004**

Appointed to 20 September 2013

Currently

Directorships:
Meiosis Ltd
HuntMore Ltd
Michael Paske Farms Ltd

Member of Council of City and Guilds

Previously

Vice-President
National Farmers' Union 1999-2004



Glyn Smith*

**Authority Member from
21 September 2007**

Appointed to 20 September 2013

Currently

Non-executive Director
Coventry Building Society
NHS Dorset
NHS Bournemouth & Poole until 2013

Chartered accountant for 35 years

Examiner
Institute of Chartered Accountants in
England and Wales

Previously

Group Finance Director Portman Building
Society 1999 - 2006.

Senior Management pre-1999
Barclays Bank
Price Waterhouse

Non-executive Directorships
in both public and private sectors:
Domestic & General Group PLC to 2007
Stroud & Swindon Building Society to
2010
Bournemouth University to 2010



John Wilson* **

**Authority Member from
21 September 2004**

Appointed to 20 September 2013

Previously

Chief Executive
Defence Housing Executive
Ministry of Defence 1999-2004

Member
Defence Estates Management Board
Deputy Chief of Defence Staff (Personnel)
Management Board

* Member of the Audit Committee
**Member of the Finance and
Strategy Committee



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5 Year Summary of Financial Statements

| | 2008/09 £'000 | 2009/10 £'000 | 2010/11 £'000 | 2011/12 £'000 | 2012/13 £'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| 1 Gross income | 14,669 | 15,710 | 15,816 | 15,876 | 16,981 |
| 2 Gross expenditure including depreciation | (12,488) | (13,391) | (14,273) | (14,112) | (14,833) |
| 3 Surplus before redevelopment project costs | 2,181 | 2,319 | 1,543 | 1,764 | 2,148 |
| 4 Redevelopment project costs | (1,895) | (3,289) | (4,225) | (3,922) | (2,905) |
| 5 Surplus/(deficit) for the year | 286 | (970) | (2,682) | (2,158) | (757) |
| 6 Corporation tax & deferred tax | (203) | (557) | 171 | (384) | 42 |
| 7 Net profit/(loss) after accounting for tax | 83 | (1,527) | (2,511) | (2,542) | (715) |
| 8 Capital & reserves | 16,668 | 14,414 | 12,400 | 9,902 | 8,685 |

Independent Auditor's Report to the Members of Covent Garden Market Authority

We have audited the financial statements of Covent Garden Market Authority ('the Authority') for the year ended 31 March 2013 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Members of the Authority to assist them in meeting their responsibilities to the Secretary of State for Environment, Food and Rural Affairs, in accordance with the Covent Garden Market Acts 1961 to 1977 and for no other purpose. Our audit work has been undertaken so that we might state to the Members of the Authority those matters we are required to state to them in an auditors' 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 Authority and the Authority Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and Auditor

As described in the statement on Corporate Governance the Members of the Authority are responsible for preparing the Annual Report which includes responsibility for preparing the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Covent Garden Market Acts 1961 to 1977. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, the Authority has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding Members' remuneration and transactions is not disclosed.

We review whether the Governance Statement reflects the Authority's compliance with the Treasury guidance 'Corporate Governance: Statement on Internal Control'. We report if the Authority does not meet the requirements for disclosure specified by the Treasury, or if the statement is misleading or inconsistent with other information that we are aware of from our audit of the financial statements. We are not required to consider whether the Governance Statement covers all risks and controls, or to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm

Opinion

In our opinion the financial statements:

- Give a true and fair view of the state of the Authority's affairs as at 31 March 2013 and of its loss for the year then ended
- Have been properly prepared in accordance with IFRSs as adopted by the European Union
- Have been prepared in accordance with the requirements of the Covent Garden Market Acts 1961 to 1977
- The information given in the Directors' Report is consistent with the financial statements.

Income Statement for the year ended 31 March 2013

| | Note | 2013 £'000 | 2012 £'000 |
|--|--------|---------------|---------------|
| Revenue | 2 | 14,698 | 13,516 |
| Government cost of capital subsidy | 1n | 2,030 | 2,030 |
| | | 16,728 | 15,546 |
| Operating expenditure | | | |
| Operating costs (excluding staff costs) | 3 | (9,593) | (8,822) |
| Board members and staff costs | 9 | (1,990) | (1,889) |
| Depreciation | 11 | (989) | (1,097) |
| Government cost of capital charge | 1n | (2,030) | (2,030) |
| | | | |
| Redevelopment project costs | 1q & 4 | (2,905) | (3,922) |
| | | | |
| Operating profit (before redevelopment project costs) | | 2,126 | 1,708 |
| | | | |
| Operating loss (after redevelopment project costs) | | (779) | (2,214) |
| Finance income | 5 | 253 | 330 |
| Finance costs | 8 | (231) | (274) |
| Loss before taxation | | (757) | (2,158) |
| Taxation | 10 | 42 | (384) |
| Loss for the financial year | | (715) | (2,542) |

Statement of Comprehensive Income for the year ended 31 March 2013

| | Note | 2013 £'000 | 2012 £'000 |
|---|------|---------------|---------------|
| Loss for the financial year | | (715) | (2,542) |
| Other comprehensive income for the year | | | |
| Actuarial (loss)/gain on defined benefit pension plan | 15 | (660) | 59 |
| Income tax associated with actuarial (loss)/gain on pension liability | 17 | 158 | (15) |
| Total comprehensive income for the year | | (1,217) | (2,498) |

Statement of Financial Position as at 31 March 2013

| | Note | 2013 £'000 | 2012 £'000 |
|---|------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 5,601 | 6,444 |
| Deferred tax asset | 17 | 211 | 108 |
| Total non-current assets | | 5,812 | 6,552 |
| Current assets | | | |
| Inventories | 12 | 65 | 65 |
| Trade and other receivables | 13 | 1,769 | 1,474 |
| Cash and cash equivalents | 14 | 8,883 | 8,863 |
| Total current assets | | 10,717 | 10,402 |
| Total assets | | 16,529 | 16,954 |
| Equity and liabilities | | | |
| Equity | | | |
| Reserve fund | | 400 | 400 |
| Retained earnings | | 8,285 | 9,502 |
| Total equity | | 8,685 | 9,902 |
| Non-current liabilities | | | |
| Deferred capital government grants | 16 | 637 | 797 |
| Deferred tax liabilities | 17 | 514 | 645 |
| Employee retirement benefit obligations | 15 | 918 | 448 |
| Total non-current liabilities | | 2,069 | 1,890 |
| Current liabilities | | | |
| Trade and other payables | 18 | 4,363 | 4,040 |
| Current portion of deferred capital government grants | 16 | 160 | 160 |
| Current tax liabilities | | 1,252 | 962 |
| Total current liabilities | | 5,775 | 5,162 |
| Total liabilities | | 7,844 | 7,052 |
| Total equity and liabilities | | 16,529 | 16,954 |

The accounts were approved by the Authority's Board and were signed on its behalf on 19 June 2013 by:

P Alexander OBE Chair

J Lloyd Chief Executive Officer

19 June 2013

Statement of Changes in Equity for the year ended 31 March 2013

| | Reserve fund £'000 | Retained earnings £'000 | Total equity £'000 |
|---|-----------------------|----------------------------|-----------------------|
| Balance at 1 April 2011 | 400 | 12,000 | 12,400 |
| Loss for the year | - | (2,542) | (2,542) |
| Other comprehensive income | - | 44 | 44 |
| Total comprehensive income for the year | - | (2,498) | (2,498) |
| Balance at 31 March 2012 | 400 | 9,502 | 9,902 |
| Loss for the year | - | (715) | (715) |
| Other comprehensive loss | - | (502) | (502) |
| Total comprehensive income for the year | - | (1,217) | (1,217) |
| Balance at 31 March 2013 | 400 | 8,285 | 8,685 |

As per the Covent Garden Market Acts 1961 - 1977, the Reserve fund is maintained as required by the Authority subject to directives issued by the Secretary of State with approval of the Treasury, and is regarded as an equivalent of share capital in these accounts.

Distributions of profits and other capital appropriations are governed and calculated under requirements different from IFRS. As a result, actual distributable profits may not coincide with the figures shown above.

Statement of Cash Flows for the year ended 31 March 2013

| Note | 2013 £'000 | 2012 £'000 |
|---|----------------|---------------|
| Operating cash flow (before redevelopment project costs) | 2,848 | 1,531 |
| Operating cash outflow relating to redevelopment project costs | (2,817) | (3,552) |
| Cash flow from operating activities | 31 | (2,021) |
| Income taxes refunded | 256 | - |
| Net cash inflow/(outflow) from operating activities | 287 | (2,021) |
| Cash flow from investing activities | | |
| Interest received | 39 | 111 |
| Purchases of property, plant and equipment | (306) | (241) |
| Net cash outflow from investing activities | (267) | (130) |
| Net increase/(decrease) in cash and cash equivalents | 20 | (2,151) |
| Cash and cash equivalents at beginning of year | 8,863 | 11,014 |
| Cash and cash equivalents at end of year | 8,883 | 8,863 |

Notes to the Accounts for the year ended 31 March 2013

1 Accounting policies

A summary of the principal accounting policies is set out below.

a Basis of preparation

The accounts are prepared in accordance with IFRS issued by the International Accounting Standards Board as adopted by the European Union and are in a form determined by the Secretary of State for Environment, Food and Rural Affairs with the approval of the Treasury in accordance with Section 46 of the Covent Garden Market Act 1961 as amended by Section 3(7) of the 1977 Act. Without limiting the information given, the accounts meet the requirements of the Companies Act 2006.

Details of the statutory Direction under which the Accounts for 2012/2013 have been prepared are as follows:

- i The Authority shall, as soon as possible after the end of each of its accounting periods, make a full report to the Secretary of State on the exercise and performance by it of its powers and duties during that period.
- ii The Authority shall keep proper accounts and proper records in relation to the accounts and shall prepare in respect of each accounting period a statement of accounts in such form as the Secretary of State, with the approval of the HM Treasury, may direct, being a form which shall conform to the best commercial standards.
- iii The accounts of the Authority shall be audited by auditors to be appointed by the Authority with the approval of the Secretary of State, and a person shall not be qualified to be so appointed unless he is a member of one or more of the following bodies:

The Institute of Chartered Accountants in England & Wales

The Institute of Chartered Accountants in Scotland

The Association of Chartered Certified Accountants

The Institute of Chartered Accountants in Ireland

Any other body of accountants established in the United Kingdom and for the time being recognised for the purposes of Paragraph (a) of Subsection (i) of Section 161 of the Companies Act 1948 by the Board of Trade.
- iv The report required by subsection (i) of this section for any accounting period shall set out any direction given to the Authority under Sections 37, 42, 44 or 45 of the Covent Garden Market Act 1961 (as amended) during that period and shall include such information relating to the plans, and past and present activities, of the Authority and the financial position of the Authority, as the Secretary of State may from time to time direct.
- v There shall be attached to the said report for each accounting period a copy of the statement of the accounts in respect of that period and a copy of any report made on the statement by the auditors.
- vi The Authority shall furnish to the Secretary of State such returns or other information relating to the property or activities or proposed activities of the Authority as the Secretary of State may from time to time require, and shall afford him facilities for the verification of information furnished by them in such manner and at such times as he may require.
- vii The Secretary of State shall lay a copy of each report made to him under subsection (i) of this section and of the statement attached thereto before each House of Parliament, and copies of each such report and statement shall be made available to the public at a reasonable price.

b Critical accounting judgements and key sources of estimation uncertain

The preparation of accounts in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The main areas of judgement and estimation relate to recoverability of trade and other receivables, post retirement benefits and taxation.

i Recoverability of trade and other receivables

The trade debtors and other receivables balances in the Authority's statement of financial position relate to numerous customers with small individual balances. All individual balances are reviewed on a month by month basis. Whilst every attempt is made to ensure that any bad debt provision is as accurate as possible, there remains a risk that the provisions do not match the level of debt which may ultimately prove to be uncollectible. The carrying amount of the Authority's receivables in these accounts, net of provisions, is £1.491m (2012: £1.368m).

ii Post retirement benefits

The determination of the pension cost and defined benefit obligation of the Authority's defined benefit pension scheme depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets.

See note 15 for further details.

iii Provision for taxation

In providing for tax due, the Authority has made judgements regarding to the availability of the deduction for tax purposes of redevelopment project costs. The Authority believes that certain of such costs to date should be tax deductible; however for prudence it has made partial allowance for non-deduction of certain such costs in accruing for tax due in these financial statements.

See also note 10.

c New standards and interpretations

A number of new International Financial Reporting Standards ('IFRS') have recently been issued or are due to be issued shortly which will have an effect on the Authority. Below is a brief description of the provisions of each new or planned IFRS and an overview of the likely effect on the Authority. The full impact on the Authority should be considered in detail in the near future.

- Amendments to IAS1 'Presentation of items of other comprehensive income' - effective for periods beginning on or after 1 July 2012
- IFRS 13 Fair Value Measurement - effective 1 January 2013
- Amendments to IFRS 7 Financial Instruments - effective 1 January 2013
- Amendments to IFRS 1 First time adoption of IFRS - effective 1 January 2013

- IFRS9 'Financial Instruments'
- effective 1 January 2015 (not yet endorsed by EU)
- IAS 32 'Financial Instruments - Presentation'
- effective 1 January 2014
- Proposed amendments to IAS 16
'Property, Plant and Equipment'
- final expected third quarter 2013 (not yet endorsed by EU)
- Proposed amendments to IAS 36 'Impairment of Assets'
- final expected second quarter 2013 (not yet endorsed by EU)
- Amendments to IAS 19 'Employee benefits'
- effective 1 January 2013.

The members anticipate that the adoption of these standards and interpretations will have no material impact on the accounts in the period of initial application.

d Property, plant and equipment

i Properties

The Authority adopted the transitional arrangements available under IFRS 1 'First time adoption of International Financial Reporting Standards', whereby the book values of properties, previously stated at professional valuations at 1 April 1977 plus subsequent additions at cost, less disposals and accumulated depreciation, are now treated as being carried at cost less accumulated depreciation and provision for impairment.

The freehold and leasehold buildings are depreciated on a straight line basis from 1 April 2003, reflecting the remaining useful life of the buildings. The land element is not depreciated.

ii Plant and equipment

Plant, equipment and motor vehicles are stated at cost less accumulated depreciation and provision for impairment. These assets are depreciated on a straight line basis using various rates which reflect the expected useful life of the assets. These range from three to eight years.

e Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes the purchase price of the products, materials, direct labour, transport costs and a proportion of applicable overheads. Cost is calculated using FIFO (first in, first out). Net realisable value is based on the estimated selling price less all estimated costs of selling.

f Impairment of assets

At each statement of financial position date, the members review the carrying amounts of the Authority's tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognised for cash-generating units are charged pro rata to the other assets in the cash-generating unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in the income statement immediately.

g Deferred income

This represents funds collected from Market tenants in accordance with the terms of their leases, for the funding of future maintenance costs, which will be held until utilised.

h Reserve fund

The Authority is under an obligation to maintain a Reserve fund in accordance with the provisions of the Covent Garden Market Acts. The sums to be carried to the credit of the Reserve fund and the application of this Fund are to be such as the Authority may determine (subject to directions given by the Secretary of State with the approval of the Treasury).

i Pensions

The Authority operates pension plans for the benefit of the majority of its employees, including both defined contribution and defined benefit plans.

In relation to its defined contribution plans, the Authority makes contributions to independently administered plans, the contributions being recognised as an expense when they fall due. The Authority has no legal or constructive obligation to make any further payments to the plans other than the contributions due.

In relation to its defined benefit plans, the Authority recognises in its statement of financial position the present value of its defined benefit obligations less the fair value of plan assets. The current service cost is charged against operating profit. Interest on the scheme liabilities is included in finance costs and the expected return on scheme assets is included in finance income.

The defined benefit obligation is calculated at each period end by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms to maturity approximating to the terms of the related pension liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected in the statement of comprehensive income in the period in which they arise.

j Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred tax is determined using tax rates and laws that have been enacted (or substantially enacted) by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

k Government grants

Government grants relating to expenditure classified as property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Capital grants are recorded on a receipts basis and therefore no debtor is recorded for grant financed capital expenditure in excess of the grant received.

l Revenue

i Rent and sales of services

Revenue is recorded on an accruals basis when the Authority has obtained a right to consideration and is exclusive of value added tax and the amount of any deferred income, where charged to the tenants in the year.

ii Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

m Financial instruments

Financial assets and financial liabilities are recognised on the Authority's statement of financial position when the Authority becomes party to the contractual provision of the instrument.

i Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities expected to be greater than 12 months after the statement of financial position date. These would be classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms

of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

ii Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits held with banks.

iii Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

See note 21 for further details on financial instruments and risk management.

n Cost of capital charge

Defra levies a cost of capital charge on the Authority in accordance with guidance set out in the Treasury Consolidated Budgeting Guidance. The charge represents the notional cost to the government of holding assets. In 2011/12 and 2012/2013, the charge was calculated by reference to a valuation by DVS - Valuation Office Agency as at 31 March 2009 and a 3.5% rate of return. The Treasury guidance requires Defra to pay a subsidy to the Authority so that it can make the payment.

o Payment of creditors

Unless subject to a dispute the Authority's practice is to pay all accounts in accordance with the terms agreed at the time of placing the contract or order. Seven purchase days (2012: seven purchase days) were outstanding on the purchase ledger at the year end.

p Ultimate controlling party

The Authority is classified as a Public Corporation, which operates under a management agreement with Defra. It has substantial day to day operating independence, but in the view of the Board of the Authority, the ultimate controlling party is Defra.

q Redevelopment Project costs

Costs arising from the project to redevelop the Market, including developing and testing the plans, are classified as 'Redevelopment Project costs' as part of operating expenditure, these have previously been described as feasibility costs.

2 Revenue

An analysis of the Authority's revenue is as follows:

| | 2013 £'000 | 2012 £'000 |
|--------------------------------------|---------------|---------------|
| Income from tenants | | |
| Rents | 4,127 | 3,962 |
| Recoveries from tenants for services | 6,617 | 5,976 |
| Other income | | |
| Commercial vehicle charges | 1,176 | 1,106 |
| Car and coach parking charges etc | 1,633 | 1,275 |
| Sunday Market | 819 | 853 |
| Miscellaneous receipts | 326 | 344 |
| | 14,698 | 13,516 |

For management purposes, the Authority is currently organised into one operating division. All the Authority's operations are within the United Kingdom.

3 Operating costs (excluding staff costs)

| | Note | 2013 £'000 | 2012 £'000 |
|--|------|---------------|---------------|
| Market security | | 996 | 890 |
| Rates | | 608 | 558 |
| Maintenance, repairs and renewals | | 1,353 | 1,289 |
| Cleaning and waste | | 2,316 | 2,084 |
| Heat, light and power | | 2,194 | 1,817 |
| Insurance | | 472 | 459 |
| Printing, stationery and telephone | | 63 | 69 |
| Professional fees | | 382 | 526 |
| Auditors' remuneration: audit services | 7 | 23 | 23 |
| Auditors' remuneration: other services | 7 | 28 | 33 |
| Bad debt provision | | 182 | 104 |
| Publicity | | 335 | 346 |
| Sunday Market operating costs | | 351 | 318 |
| General expenses | | 290 | 306 |
| | | 9,593 | 8,822 |

4 Redevelopment Project costs

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Project costs | 996 | 3,922 |
| Settlement of claim relating to the procurement process | 1,000 | - |
| Legal costs in dealing with claim | 909 | - |
| | 2,905 | 3,922 |

5 Finance income

| | Note | 2013 £'000 | 2012 £'000 |
|---|------|---------------|---------------|
| Interest receivable: | | | |
| On market activities | | 19 | 87 |
| On funds invested following the sale of Market Towers | | 20 | 24 |
| | | 39 | 111 |
| Expected return on pension assets | 15 | 214 | 219 |
| | | 253 | 330 |

6 Operating loss for the year is stated after charging

| | Note | 2013 £'000 | 2012 £'000 |
|---|------|---------------|---------------|
| Depreciation of property, plant and equipment | | 989 | 1,097 |
| Staff costs | 9 | 1,990 | 1,889 |
| | | 2,979 | 2,986 |

7 Auditors' remuneration

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Fees payable to the Authority's auditor for the audit of the Authority's annual accounts | 23 | 23 |
| Fees payable to the Authority's auditor for other services: | | |
| Relating to taxation | 25 | 29 |
| Relating to other services | 3 | 4 |
| | 28 | 33 |

8 Finance costs

| | Note | 2013 £'000 | 2012 £'000 |
|---------------------------|------|---------------|---------------|
| Interest costs on pension | 15 | 231 | 274 |
| | | 231 | 274 |

9 The Members and Staff Costs

The Members of the Authority during the year were:

Ms P E Alexander OBE - Chair (from 1 February 2013) • Rt Hon The Baroness Dean of Thornton-le-Fylde - Chair (to 31 January 2013) • Mr W T Edgerley • Mr G M Smith • Mr J R Wilson • Mr M R A Paske • Mr S G Plent (to 30 September 2012) • Mrs H C Gordon

| | 2013 | 2012 |
|------------------------------|---------------|--------|
| The Chairs' emoluments were: | | |
| Baroness Dean | 46,567 | 53,480 |
| Pam Alexander | 10,069 | - |
| | 56,636 | 53,480 |

Baroness Dean was the highest paid member.

Other Members' emoluments were in the following ranges:

| | 2013 | 2012 |
|-------------------|------|------|
| £0 - £5,000 | - | 1 |
| £5,001 - £10,000 | 1 | - |
| £10,001 - £15,000 | 4 | 3 |
| £15,001 - £20,000 | 1 | - |
| £20,001 - £25,000 | - | 3 |
| £25,001 - £30,000 | - | - |
| £30,001 - £35,000 | - | - |

No retirement benefits are accruing to members under a defined benefits scheme nor do they receive any other benefits.

The Principal Officers of the Authority during the year were:

| | Age | Remuneration 2013 £ | Remuneration 2012 £ |
|--|-----|---------------------------|---------------------------|
| Mrs J Lloyd, Chief Executive Officer | 52 | 227,249* | 172,110 |
| Mr C Morton, Finance Director/Secretary | 62 | 164,771 | 147,978 |
| Mr R Marlow, Operations Director | 62 | 108,600 | 100,543 |
| Mrs H Evans, Business Development & Support Director | 55 | 75,511 | 62,626 |
| Mr C Townend, Project Director | 41 | 89,146 | - |

The Principal Officers of the Authority are also considered key management, being persons responsible for the planning, controlling and directing the activities as defined in IAS24 related parties disclosure.

*The Authority contributed 10% or 15% (2012: 10% or 15%) of pensionable salaries to a Pension Plan for each applicable officer with the exception of Jan Lloyd who received payment in lieu of pension included in the above of £22,452 (2012: nil.) The total of contributions for the other principal officers for the year amounted to £69,704 (2012: £48,442).

The employer's national insurance on the above officers of the Authority amounted to £79,671 (2012: £50,711).

The average number of employees, including the Chairman and Members, was:

| | 2013 | 2012 |
|----------------|-----------|------|
| Administration | 33 | 33 |
| Porters | 5 | 5 |
| | 38 | 38 |

Staff costs for the above persons were:

| | 2013 £'000 | 2012 £'000 |
|--------------------------------------|---------------|---------------|
| Board Members - aggregate emoluments | 151 | 180 |
| Wages and salaries | 1,574 | 1,413 |
| Social security costs | 135 | 142 |
| Pension service costs | 130 | 154 |
| | 1,990 | 1,889 |

The following number of employees received salaries in the ranges:

| | 2013 | 2012 |
|---------------------|-----------|------|
| £0 - £10,000 | 5 | 3 |
| £10,001 - £20,000 | 7 | 6 |
| £20,001 - £30,000 | 16 | 16 |
| £30,001 - £40,000 | 1 | 7 |
| £40,001 - £50,000 | 1 | - |
| £50,001 - £60,000 | 3 | 3 |
| £60,001 - £70,000 | 2 | 2 |
| £70,001 - £80,000 | 1 | - |
| £80,001 - £90,000 | 1 | - |
| £100,001 - £110,000 | 1 | 1 |
| £140,001 - £150,000 | - | 1 |
| £160,001 - £170,000 | 1 | - |
| £170,001 - £180,000 | - | 1 |
| £220,001 - £230,000 | 1 | - |

Expenses

The total of expenses paid and reimbursed to Chair, Members and employees for travel and entertainment (including meetings) amounted to £21,513 in the year ended 31 March 2013 (2012: £19,667).

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid officer in their organisation and the median remuneration of the organisation's workforce.

The mid-point of the banded remuneration of the highest-paid officer in the financial year 2012/13 was £225,000 (2011/12: £175,000). This was 7.20 times (2011/12: 6.27) the median remuneration of the workforce, which was £31,229 (2011/12: £27,925).

In 2012/13 nil (2011/12: nil) employees received remuneration in excess of the highest paid officer. Remuneration ranged from £23,159 to £164,771 (2011/12: £15,896 to £147,978).

Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The change in the multiple brought about by the change in the salary amounts on both sides of the ratio is due the amount of bonuses paid to staff and to the highest paid officer. The highest paid officer also received payment in lieu of pension for the first time in 2012/13.

10 Taxation

| | Note | 2013 £'000 | 2012 £'000 |
|---|------|---------------|---------------|
| UK Corporation Tax on profits for the year | | 39 | 440 |
| Adjustment to previous year's tax provision | | (5) | - |
| Total current tax | | 34 | 440 |
| Adjustment to previous year's tax provision | | - | 11 |
| Deferred tax | 17 | (76) | (67) |
| Total deferred tax | | (76) | (56) |
| Total tax (credit)/charge | | (42) | 384 |

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Tax reconciliation | | |
| Loss before taxation | (757) | (2,158) |
| Tax on loss on ordinary activities at standard UK corporation tax rate of 24% (2012: 26%) | (182) | (561) |
| Tax effects of: | | |
| Expenses not allowable for taxation | 180 | 938 |
| Capital allowances in excess of depreciation | 75 | 118 |
| Adjustments to tax charges in respect of previous years | (5) | 11 |
| Utilisation of brought forward losses | (90) | (97) |
| Deferred tax recognised in respect of other timing differences | 1 | (25) |
| Adjust closing deferred tax to 24% | (13) | - |
| Tax credits - small companies tax rate | (8) | - |
| Total tax (credit)/charge for the year | (42) | 384 |

11 Property, plant and equipment

| | Freehold buildings £'000 | Leasehold land and buildings £'000 | Plant, equipment and motor vehicles £'000 | Total £'000 |
|-------------------------|-----------------------------|---------------------------------------|--|----------------|
| Cost | | | | |
| At 1 April 2011 | 11,963 | 837 | 2,964 | 15,764 |
| Additions | - | - | 241 | 241 |
| At 31 March 2012 | 11,963 | 837 | 3,205 | 16,005 |
| Additions | - | - | 306 | 306 |
| At 31 March 2013 | 11,963 | 837 | 3,511 | 16,311 |
| Depreciation | | | | |
| At 1 April 2011 | 5,424 | 814 | 2,066 | 8,304 |
| Charge for the year | 983 | 5 | 269 | 1,257 |
| At 31 March 2012 | 6,407 | 819 | 2,335 | 9,561 |
| Charge for the year | 893 | 5 | 251 | 1,149 |
| At 31 March 2013 | 7,300 | 824 | 2,586 | 10,710 |
| Net book value | | | | |
| At 31 March 2013 | 4,663 | 13 | 925 | 5,601 |
| At 31 March 2012 | 5,556 | 18 | 870 | 6,444 |

Included in freehold buildings are assets fully funded by a grant from Defra; the cost of these assets amounts to £1.675m.

| | 2013 £'000 | 2012 £'000 |
|--------------------------------------|---------------|---------------|
| Total depreciation charge to revenue | 1,149 | 1,257 |
| Depreciation charge to capital grant | (160) | (160) |
| | 989 | 1,097 |

Following a review by the Board, and having regard to the project to redevelop the Market, the useful economic life of the freehold and leasehold buildings and all plant and equipment has been reduced to eight years from 1 April 2010. Previously the freehold and leasehold buildings had a useful economic life of 20 years from 1 April 2003 and the plant and equipment had a range of useful economic lives from 3-20 years.

Land & Buildings

- a Land and buildings were last valued at 31 March 1977 by Knight Frank at a level of £16.072m. This amount has been treated as being the historical cost of the assets.

The current cost of £12.80m (2012: £12.80m) takes into account this valuation after allowing for approximately £13.0m of additions and £17.0m of disposals.

The original cost of the freehold land and buildings, after allowing for grants, amounted to £28.048m. At the time of the

above-mentioned valuation the carrying value was £25.858m, some £9.786m higher than the valuation.

The value of land not depreciated is £0.445m (2012: £0.445m).

- b Except for long leaseholds valued at £0.087m at 31 March 1977 plus subsequent additions at cost amounting to £0.75m, all properties at Nine Elms are freehold.
- c It is estimated that the replacement cost of freehold buildings, less depreciation on a straight line basis to reflect that part of the estimated useful life which had expired at 31 March 2013, would be £24.7m. This figure is based on original costs, adjusted to take account of subsequent increases in construction industry costs as notified by our current insurers, at the annual policy renewal date. The annual depreciation charges on this basis would be some £3.08m compared with depreciation of £0.90m charged in the accounts.

Freehold land and buildings includes the following asset values representing premises capable of being leased to tenants.

| | 2013 £'000 | 2012 £'000 |
|--------------------------|---------------|---------------|
| Cost | 10,137 | 10,137 |
| Accumulated depreciation | (7,245) | (6,406) |
| Net book value | 2,892 | 3,731 |

12 Inventories

| | 2013 £'000 | 2012 £'000 |
|---------------|---------------|---------------|
| Raw materials | 65 | 65 |
| | 65 | 65 |

13 Trade and other receivables

| | 2013 £'000 | 2012 £'000 |
|--------------------------------|---------------|---------------|
| Trade receivables | 2,001 | 1,105 |
| Less: provision for impairment | (618) | (425) |
| Trade receivables, net | 1,383 | 680 |
| Other receivables | 108 | 688 |
| Prepayments | 278 | 34 |
| Other taxation | - | 72 |
| | 1,769 | 1,474 |

A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms. The Authority considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired.

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Provisions for impairment of trade receivables: | | |
| As at 1 April 2012 | 425 | 327 |
| Charge for the year | 182 | 104 |
| Uncollected amounts written off, net of recoveries | 11 | (6) |
| As at 31 March 2013 | 618 | 425 |

As at 31 March 2013, trade receivables of £0.618m were considered to be impaired (2012: £0.425m).

31 March 2013 trade receivables of £0.471m (2012: £0.272m) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

| | 2013 £'000 | 2012 £'000 |
|-------------------------|---------------|---------------|
| Up to 3 months past due | 296 | 161 |
| 3 to 6 months past due | 103 | 88 |
| Over 6 months past due | 72 | 23 |
| | 471 | 272 |

Other receivables do not contain impaired assets. Due to the short term nature of the receivables their fair value approximates to their carrying value per these accounts.

14 Cash and cash equivalents

| | 2013 £'000 | 2012 £'000 |
|-------------------------------------|---------------|---------------|
| Bank deposits - sterling | 7,981 | 8,403 |
| Cash at bank and in hand - sterling | 902 | 460 |
| | 8,883 | 8,863 |

Cash balances of £1.923m (2012: £1.903m) are in respect of tenants and are held in individual interest-bearing accounts jointly in the name of the Authority and the respective tenants and represent refundable deposits paid on granting of the leases. The carrying value of cash and cash equivalents approximates to its fair value.

15 Employee retirement benefits

The Authority made payments to a defined contribution Pension Fund which it does not administer of £0.139m (2012: £0.097m).

The Authority operates a defined benefit scheme for certain employees, the assets of which are held in a separate trustee-administered fund. The pension cost relating to the scheme is assessed in accordance with the advice of an independent qualified Actuary employed by Scottish Widows plc, using the accrued benefit method of valuation and the projected unit method to determine the funding requirement triennially.

The Plan's latest actuarial assessment was at 6 April 2009 and related to service by members up to that date.

The principal actuarial assumption adopted in the valuation was that, over the long term, investment return will be 4.5% and the annual increase in salaries, including promotional salary scale, will be 4%. The valuation indicated that the value of assets represented 78% of the accrued benefits of the members with a deficit of £1.1m, allowing for expected future increases in earnings and on the agreed assumptions. The agreed contributions in future are £14,000 per month payable for eight years from 6 April 2011 to remove the deficit.

The principal assumptions underlying the actuarial assessments of the present value of the plan liabilities are:

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Inflation: | 3.4% | 3.1% |
| Salary escalation: | 4.4% | 4.1% |
| Increase to pensions in payment: | 3.4% | 3.1% |
| Increase in deferment: | 3.4% | 3.1% |
| Discount rate (pre and post retirement): | 4.1% | 4.6% |
| Mortality assumptions: | | |
| Life expectancy at 65 at year end: | | |
| Future pensioners - male | 70% AM 80 | 70% AM 80 |
| Future pensioners - female | 80% AM 80 | 80% AM 80 |
| Current pensioners - male | 115% PNMA00 | 115% PNMA00 |
| | MCMIN 1.5% | MCMIN 1.5% |
| Current pensioners - female | 110% PNFA00 | 110% PNFA00 |
| | MCMIN 1.0% | MCMIN 1.0% |

The most recent actuarial valuation at 6 April 2009 has been updated for IAS19 purposes as at 31 March 2013.

The scheme ceased the accrual of future benefits with effect from 31 March 2011. However, the salary link for members who remain in employment with the Authority has been retained. This change has been taken into account in the 31 March 2013 IAS 19 calculation.

The scheme has a number of purchased annuities in respect of past retirements. To the extent that these match the relevant liabilities, the value has been excluded from both the assets and the liabilities, at each accounting date.

The IAS19 valuation was prepared by Bruce Macdonald - Fellow of the Institute and Faculty of Actuaries.

The scheme has money purchase Additional Voluntary Contributions (AVC) assets invested separately. These are understood to fully match the associated liabilities and so have been excluded from both the assets and liabilities.

The assets and liabilities of the plan with the expected rate of return on the assets are as follows:

| | 2013 | | 2012 | |
|-----------------------------------|-----------------|-----------------------------|-----------------|-----------------------------|
| | Values £'000 | Long term rate of return | Values £'000 | Long term rate of return |
| Group pension contract | 4,585 | 4.5% | 4,701 | 4.6% |
| Cash and other net (liabilities) | 492 | 3.1% | (120) | (3.1%) |
| | 5,077 | | 4,581 | |
| Present value of plan liabilities | (5,995) | | (5,029) | |
| Deficit in the plan | (918) | | (448) | |

Analysis of the amounts charged to statement of comprehensive income or income statement:

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Expected return on plan assets | 214 | 219 |
| Interest on retirement benefit obligations | (231) | (274) |
| | (17) | (55) |

There are no current service costs. The interest on retirement benefit obligations and the expected return on plan assets are included within finance costs and finance income, respectively.

Amounts recognised in the statement of comprehensive income, directly within equity, are as follows:

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Actual return less expected return on pension scheme assets | 262 | 299 |
| Experience gains and losses arising on the scheme liabilities | 27 | 12 |
| Changes in assumptions underlying the present value of the scheme liabilities | (949) | (252) |
| | (660) | 59 |

The net movements in the net present value of the plan assets were as follows:

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Deficit in scheme at beginning of year | (448) | (587) |
| Contributions | 207 | 135 |
| Other finance cost | (17) | (55) |
| Actuarial (loss)/gain | (660) | 59 |
| Deficit in scheme at end of year | (918) | (448) |

The movements in the present value of the plan assets were as follows:

| | 2013 £'000 | 2012 £'000 |
|-------------------------------|---------------|---------------|
| At the start of the year | 4,581 | 4,707 |
| Return | 214 | 219 |
| Actuarial gains | 262 | 299 |
| Employer contributions | 207 | 135 |
| Employee contributions | - | 5 |
| Benefits paid out | (187) | (784) |
| At the end of the year | 5,077 | 4,581 |

The movements in the present value of the plan liabilities were as follows:

| | 2013 £'000 | 2012 £'000 |
|-------------------------------|---------------|---------------|
| At the start of the year | 5,029 | 5,294 |
| Interest cost | 231 | 274 |
| Actuarial losses | 922 | 240 |
| Employee contributions | - | 5 |
| Benefits paid out | (187) | (784) |
| At the end of the year | 5,995 | 5,029 |

The amounts for the current and previous four years are as follows:

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---------|---------|---------|---------|---------|
| Difference between actual and expected return on scheme assets: | | | | | |
| Amount (£'000) | 262 | 299 | 293 | 563 | (960) |
| Percentage of scheme assets | 5.2% | 6.5% | 6.2% | 13.2% | (25.6%) |
| Experience gains and losses on scheme liabilities: | | | | | |
| Amount (£'000) | 27 | 12 | (5) | 43 | 104 |
| Percentage of the present value of scheme liabilities | 0.5% | 0.2% | (0.1%) | 0.8% | 2.5% |
| Total amount recognised in statement of comprehensive income: | | | | | |
| Amount (£'000) | (660) | 59 | 738 | (1,010) | 16 |
| Percentage of the present value of the scheme liabilities | (11%) | 1.2% | 13.9% | (17.8%) | 0.4% |
| Total assets and liabilities of the scheme: | | | | | |
| Total fair value of scheme assets | 5,077 | 4,581 | 4,707 | 4,252 | 3,746 |
| Total present value of scheme liabilities | (5,995) | (5,029) | (5,294) | (5,660) | (4,143) |

16 Government grants

| | 2013 £'000 | 2012 £'000 |
|---------------------|---------------|---------------|
| Current portion | 160 | 160 |
| Non-current portion | 637 | 797 |
| | 797 | 957 |

17 Deferred taxation

| | 2013 £'000 | 2012 £'000 |
|--------------------------|---------------|---------------|
| Deferred tax assets | 211 | 108 |
| Deferred tax liabilities | (514) | (645) |
| | (303) | (537) |

Main sources of temporary differences giving rise to deferred tax included:

| | Capital allowances £'000 | Retirement benefit obligations £'000 | Other timing differences £'000 | Total £'000 |
|---------------------------------------|-----------------------------|---|-----------------------------------|----------------|
| At 31 March 2011 | (770) | 153 | 39 | (578) |
| Credited to the income statement | 125 | (30) | (39) | 56 |
| Charged to other comprehensive income | - | (15) | - | (15) |
| At 31 March 2012 | (645) | 108 | - | (537) |
| Credited to the income statement | 131 | (55) | - | 76 |
| Charged to other comprehensive income | - | 158 | - | 158 |
| At 31 March 2013 | (514) | 211 | - | (303) |

18 Trade and other payables

| | 2013 £'000 | 2012 £'000 |
|---------------------------------------|---------------|---------------|
| Trade payables | 163 | 268 |
| Other tax and social security payable | 285 | 53 |
| Accruals and deferred income | 1,979 | 1,802 |
| Deposits from tenants | 1,923 | 1,906 |
| March Pension Contribution | 13 | 11 |
| | 4,363 | 4,040 |

The Members consider that the carrying amount of trade and other payables approximates to their fair value.

19 Cash flow from operating activities

| | 2013 £'000 | 2012 £'000 |
|--|---------------|----------------|
| Loss before taxation | (757) | (2,158) |
| Net finance income | (22) | (56) |
| Operating loss | (779) | (2,214) |
| Depreciation charge | 1,149 | 1,257 |
| Net employer contribution after service cost | (207) | (135) |
| Amortisation of Defra grant | (160) | (160) |
| Operating cash outflow before changes in working capital | 3 | (1,252) |
| Increase in inventories | - | (8) |
| (Increase)/decrease in trade and other receivables | (295) | 17 |
| Increase /(decrease) in trade and other payables | 323 | (778) |
| Net cash inflow/(outflow) from operating activities | 31 | (2,021) |

20 Future expected dividend payment

Following discussions with Defra, the Authority has responsibility to pay a special dividend after the year ended 31 March 2013.

The final amount of dividend cannot as yet be quantified, but if the liability arose at 31 March 2013, the amount of the special dividend would amount to £3.039m (2012: £3.033m).

21 Financial instruments

The limited powers of the Authority to borrow or invest surplus funds are set out in the Covent Garden Market Acts 1961 to 1977. As a result, financial instruments play a much more limited role in creating or changing risk than would be typical of companies to which IAS 39 'Financial instruments - recognition and measurement' and IFRS 7 'Financial instruments - disclosures' apply. In general financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Authority in undertaking its activities.

The Authority's trade and other receivables and cash equivalents are classified as 'Loans and receivables', and trade and other

payables are classified as 'Financial liabilities measured at amortised cost'. The carrying values of the Authority's loans and receivables and financial liabilities measured at amortised cost approximate their fair value.

Liquidity risk

The Authority only invests its surplus funds in short-term deposits with clearing banks or building societies rated A2 and above, or Local Authorities. These short-term deposits are all readily convertible into cash. As a result, the Authority is not exposed to any significant liquidity risks.

Contractual maturity of the Authority's financial liabilities as at 31 March 2013 is as follows:

| | 2013 Trade and other payables £'000 | 2012 Trade and other payables £'000 |
|-------------------|---|---|
| On demand | 1,924 | 1,903 |
| Less than 1 month | 1,181 | 1,026 |
| 1 to 3 months | 613 | 520 |
| 3 to 6 months | 120 | 60 |
| 6 to 12 months | 502 | 115 |
| 1 to 3 years | 23 | 416 |

Currency risk

The Authority does not engage in overseas trading and is not therefore exposed to significant currency risks.

Interest rate risk

All short-term deposits are invested at market interest rates. As a result, the Authority is only exposed to the interest rate prevailing in the market as a whole.

Interest rate profile

| | 2013 £'000 | | | 2012 £'000 | | |
|---------------------|---------------|----------|-------|---------------|----------|-------|
| | Fixed | Floating | Total | Fixed | Floating | Total |
| Cash | - | 902 | 902 | - | 460 | 460 |
| Short-term deposits | 7,981 | - | 7,981 | 8,403 | - | 8,403 |
| | 7,981 | 902 | 8,883 | 8,403 | 460 | 8,863 |

The weighted average interest rate for the fixed rate deposits is 0.66% (2012: 1.00%) and the weighted average days until maturity is 33 days (2012: 100 days). The cash deposits are held on call at BBVA at 1% (2012: 0.4%). Should floating interest rates decrease by 1%, potential profit and equity of the Authority for the year would decrease by £0.068m (2012: £0.060m).

Credit risk

The Authority has trade receivables at the year end and as such is exposed to credit risk. The Authority has policies in place to prevent bad debts and facilitate prompt collection of debts. Maximum exposure to credit risk equals the amount of trade receivables as shown in these accounts.

See note 13 for more detail.

Other market risks

The Authority is exposed to price risk on purchasing goods and services in the normal course of its business. However, such goods or services are clearly of an auxiliary nature to the Authority's operations and are not subject to any specific risks other than general inflationary growth. The Authority may pass the relevant risks to its tenants while negotiating terms with them. As such the Members believe that the Authority's exposure to other market risks is insignificant.

Capital risk management

The Authority's objectives when maintaining capital are to safeguard the Authority's ability to continue as a going concern and maintain an optimal capital structure.

The Authority defines capital as being the Reserve Fund and Retained Earnings. The Authority is not subject to any externally imposed capital requirements apart from the Covent Garden Market Acts 1961 - 1977.

22 Related party transactions

Under provisions of IAS 24 'Related party disclosures', the following parties are regarded as related parties of the Authority:

Parties exercising control over the Authority or are under common control with the Authority

The Authority is classified as a Public Corporation, which operates under a management agreement with Defra. It has substantial day to day operating independence, but in the view of the Board of the Authority, the ultimate controlling party is Defra.

In 2004 Defra approved a capital grant of £1.675m for capital works to be performed in the years 2004/05 and 2005/06. At 31 March 2013, all of the grant had been received and expenditure incurred.

See Note 1n in respect of a cost of capital charge of £2.030m (2012: £2.030m) and associated subsidy of an equivalent amount.

See note 9 for details of management remuneration and other information.

Post employment benefit plan for the benefit of employees of the Authority

See note 15 for details of transactions and balances with the pension plan.

Related due to other reasons

None.

23 Capital commitments

On 7 January 2013, the Authority entered into a Development Agreement with VSM (NCGM) Limited (VSM) for the redevelopment of New Covent Garden Market in exchange for options to VSM to receive surplus Authority land. The Development Agreement is conditional on a number of issues including VSM obtaining satisfactory planning consent.

The total value of the options for surplus land will be in excess of £100m.

There were no other capital commitments authorised or contracted for as at 31 March 2013 (2012: nil).

24 Events after the reporting period

There were no material events after the reporting period.

The Authority's Management Appendix I

The Authority's key staff members as at 31 March 2013 were as follows:

| | |
|---------------|---|
| Jan Lloyd | Chief Executive Officer |
| Clive Morton | Finance Director/Authority Secretary |
| Bob Marlow | Commercial Operations Director |
| Helen Evans | Business Development & Support Director |
| Chris Townend | Project Director |

Business Development

| | |
|---------------|-------------------------|
| Beth Stephens | Project Liaison Manager |
|---------------|-------------------------|

Finance

| | |
|--------------|-----------------|
| David Norris | Finance Manager |
|--------------|-----------------|

Operations

| | |
|----------------|--------------------|
| Jo Breare | Facilities Manager |
| Colin Corderoy | Operations Manager |

Property

| | |
|----------------|------------------|
| Michael Conran | Property Manager |
|----------------|------------------|

Statutory Committees Appendix II

Membership of the Committees at 31 March 2013 was as follows:

Joint Management Advisory Committee: Flowers

| | |
|------------------|----------------------------------|
| Jan Lloyd | Chairman, ex officio |
| Clive Morton | ex officio |
| Bob Marlow | CGMA |
| Helen Evans | CGMA |
| Martin Panter | Arnott & Mason (Hort) Ltd |
| John Hardcastle | Bloomfield Wholesale Florist Ltd |
| Simon Russell | Bluebells |
| Alan Dawson | Dawson Flowers |
| Steven Tones | Horticultural Development Agency |
| Lionel Mills | L Mills Ltd |
| David Manchester | Manchester Flowers |
| Barry Porter | Porters Foliage |
| Julie Brown | Quartz Flowers |
| Simon Lycett | Simon Lycett Ltd |
| Sophie Hanna | Sophie Hanna Flowers |
| Brian Perkins | Whittingtons Ltd |
| Graeme Diplock | Zest |

Joint Management Advisory Committee: Food

| | |
|------------------|--|
| Jan Lloyd | Chairman, ex officio |
| Clive Morton | ex officio |
| Gary Marshall | Bevington Salads |
| Steve McVickers | Capespan |
| Robert Hurren | County Supplies (London) Ltd |
| Georgina Collins | Defra |
| A Sole | E A Williams (C G) Ltd |
| Michael Hickey | Eurofrutta |
| Dan McCullough | First Choice Fruit Ltd |
| Nigel Jenney | Fresh Produce Consortium |
| Peter Fowler | Gilgrove |
| Andrew Dorling | H G Walker Ltd |
| Gary McKechnie | Harbour and Jones |
| Jack Henley | Henley Transport |
| Steven Tones | Horticultural Development Agency |
| Rick Harris | I A Harris & Son Ltd |
| Jeremy Boxall | LEAF (Linking Environment And Farming) |
| Paul Ryan | Linkclass Ltd |
| Martin Mash | Mash Purveyors Ltd |
| Giovanni Lapi | Nature's Choice |

| | |
|------------------|----------------------|
| Pam Lloyd | Pam Lloyd Associates |
| Mark Furniss-Roe | Pavitts Produce |
| Jason Tanner | Premier Fruit |
| Andrew Thorogood | S Thorogood & Sons |
| David Mulcahy | Sodexo UK & Ireland |
| Shahid Mirza | Tropical Catering |
| Gary Hunter | Westminster Kingsway |

Market Traffic Advisory Committee

| | |
|------------------|---|
| Jan Lloyd | Chairman, ex officio |
| Clive Morton | ex officio |
| Bob Marlow | CGMA |
| Helen Evans | CGMA |
| Natalie Chapman | Freight Transport Association |
| Nigel Jenney | Fresh Produce Consortium |
| Tim Long | London Borough of Camden |
| Abu Barkatoolah | London Borough of Lambeth |
| Dave Cook | Metropolitan Police |
| Ray Engley | Road Haulage Association |
| Isaac Kwakye | Technical Services Department Wandsworth Council |
| Ian Wainwright | Transport for London |
| Debbie McSweeney | Unite |
| Don Murchie | Westminster City Council |

Market Workers' Advisory Committee

| | |
|------------------|--------------------------|
| Jan Lloyd | Chairman, ex officio |
| Clive Morton | ex officio |
| Helen Evans | CGMA |
| Bob Marlow | CGMA |
| Nigel Jenney | Fresh Produce Consortium |
| Debbie McSweeney | Unite |

Market Finance Committee

| | |
|--------------|---------------|
| Jan Lloyd | Sham Grimshaw |
| Clive Morton | Gary Marshall |
| Bob Marlow | Peter Fowler |
| Ian Taylor | Barry Porter |
| Ian Furness | Steve Pollard |



coventgarden
market authority

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