



coventgarden

market authority

 54th Report & Accounts 2014/2015

Covent Garden Market Authority

Report and Accounts for the accounting period from 1 April 2014 to 31 March 2015



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

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Vauxhall Branch 17a St George Wharf London SW8 2LE

Auditors

Nexia Smith & Williamson
25 Moorgate London EC2R 6AY

Executive Summary



CGMA Revenue | up 7.1%
£14.4m 2013/14 | **£15.42m 2014/15**

Covent Garden Market Authority's (CGMA) Performance

Revenue from normal trading activity increased by 7.1% and the profit for this financial year after taxation was £1.0m.



Total NCGM Turnover | up 8%
£600m 2013 | **£646m 2014**

New Covent Garden Market (NCGM) Trade

Total NCGM Turnover £646m - up 8% on the previous year, reflecting the increase in eating out in London.



Core F&V Market | down 2% points
96% let 2014 | **94% let 2015**

CGMA's Key Performance Indicators

Occupancy Rate: Total Trading Area

Occupancy of trading space in the largest sector, the core food Market, reduced from 96% to 94% as at 31 March 2015. This is down from the peak rate during the year of 99%.



General Service Charge £ per sq ft
12.42 2013/14 | **13.39 2014/15**

General Service Charge: £ per sq ft

As a result of rising costs in 2014/15 the GSC increased to £13.39 from £12.42 the previous year. Much of this increase was the statutory maintenance that needs to take place on a site that is over 40 years old.



Total Volumes of Recycled Waste | up 3.6%
7,315 tonnes 2014 | **7,580 tonnes 2015**

Environmental Performance

The total volume of waste recycled was up by 3.6% on last year and zero waste sent to landfill. This increase is a result of higher trading levels during the year.

Covent Garden Market Authority
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SW8 5NX

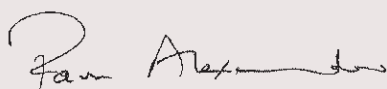
8 July 2015

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 fourth accounting period ended 31 March 2015.

I am pleased to report that the past year has been hugely positive for us. We have both celebrated the fortieth year of our move to Nine Elms and entered a completely new chapter in the market's history. In January our plans for transforming New Covent Garden Market were approved and just after the year end our agreement with VINCI St. Modwen went unconditional. It is entirely appropriate that we can celebrate the past while looking forward to the future. The next phase of the redevelopment will build on the market's heritage and keep it at the heart of London's food supply chain.

As Chair of CGMA I am conscious that we have only achieved this momentous milestone through the support of our many stakeholders and the commitment of both my Board and the CGMA staff. I would like to express my thanks to all who have the best interests of the market at heart.



Pam Alexander OBE
Chair

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

The past year has been a hugely significant one for us. A year where we have both celebrated the past forty years at Nine Elms and at the same time entered a completely new chapter in the market's history.

Forty years ago Covent Garden Market moved just three miles to Nine Elms - a move that was seen by many as sounding the death knell of a centuries old institution.

Instead the market reinvented itself. It was around this time in the late 1970s that supermarkets stopped buying from wholesale markets and the face of independent retail was changed. But our tenants are nothing if not resourceful. They developed stronger links with London's restaurants and today 40% of the fruit and vegetables eaten outside the home in London come from the market.

We do not know what changes the next forty years will bring but I do know that the market community will meet new challenges with the same spirit of entrepreneurship that underpins New Covent Garden Market's reputation as the UK's leading wholesale market. I am confident that the £130 million investment in new facilities that the Authority is now making will provide a fitting environment for their businesses and ensure the future for generations to come.

Forty years ago Nine Elms was not only the other side of the river, but it was an industrial landscape. A far cry from the theatres and Opera House around the Strand, yet still close enough to provide London's chefs and florists an immediate source of fresh produce. Today, Nine Elms is clearly part of Central London and the market is back at the heart of the capital and a central icon in the development of Nine Elms on the South Bank with its new tube stations, Embassies, Linear Park and river walks. Alongside the new market we will be building a 21st century food quarter, creating a new sense of place for the area.

So while we have enjoyed looking back at the last forty years, to times when peppers and courgettes were considered exotic and no one had heard of micro leaves - we have also been looking to the future.

In January our plans for transforming New Covent Garden Market were approved and just after the period covered by this report the agreement with VINCI St. Modwen (VSM) went unconditional. After seven years of planning and uncertainties we are now moving to work actually starting on site.

This change is one that we at CGMA are experiencing at first hand. Just after Christmas our offices moved to a portacabin in the car park to make way for construction of the new Nine Elms underground station. The extension to the Northern Line will make this area even more accessible and opens up a route across the apex of the site for the local community. Soon local residents south of the Wandsworth Road will be able to walk to the river without having to go via Vauxhall. A small example of how changes at New Covent Garden Market will bring together communities previously divided by road and rail.

I am privileged to be Chair of CGMA at such a momentous time and I am conscious that we are building on the hard work that has gone before and the continuing support of our many stakeholders which my colleagues and I deeply appreciate.

The journey to this point has not been easy and I am sure we have many more challenges ahead. I would like to thank our Board for their commitment to the Market and its future. On their behalf I would also like to thank the CGMA team under the leadership of Jan Lloyd, for all their energy and hard work which has achieved this bright future for New Covent Garden Market.

“
...a central icon in
the development of
Nine Elms...
”

Chief Executive's Review

Jan Lloyd, Chief Executive, Covent Garden Market Authority

Covent Garden Market Authority's performance

I am delighted that in this year we have both reached unconditionality with VSM to redevelop the market and delivered a really strong financial performance. This is a testament to the CGMA team and their commitment as well as a reflection of the improving trading environment for market trade.

Our core income comes from the rent charged for space at New Covent Garden Market. This year rental income grew by 6% with occupancy levels in the core market area reaching a peak of 99% in 2014. I am especially pleased that, in a year when tenants had the right to exercise a break in their lease, only 18 chose to do so. This means that the churn amongst our tenants is less than half the number in this financial year than it was five years ago - the last time there was a similar opportunity.

Not only is rental income up, but our levels of arrears are the lowest they have been in nine years. In addition, ancillary income such as coach parking has increased and overall the underlying trading performance as a consequence is very strong. Both these factors have contributed to an increase in our revenue from normal trading income of 7.1%. The overall result is a profit after taxation of £1.0m. More detail on our financial results is in the Finance Director's report on pages 22-23.

New Covent Garden Market's performance

London is Europe's top city destination, attracting 16.8m international tourists and food remains a core part of its appeal. In the past year London has recorded its highest ever rate of restaurant openings, underlining the capital's continuing reputation as a world class gastronomic capital.

NCGM sits at the heart of London's food supply chain, able to deliver the freshest produce to London's restaurants and hotels, schools and hospitals on a daily basis. In many cases, the market's wholesale distributors can also supply prepared produce, acting as an extension to their customers' kitchens - peeling, dicing, slicing on a just in time basis.

The growth in eating out in London has been reflected in the market's trade over the last year with business up for the market as a whole by 8%. Total trade for wholesale distributors has jumped by some 17%. However, the impact of food deflation has depressed turnover for traditional wholesalers, with trade here down by 1.8%. Prices for fruit and vegetables have fallen by up to 15%.

The Flower Market has also seen dramatic growth, with total turnover up by 11%. This is mainly driven by the increase in event and contract floristry - again a result of London's burgeoning hospitality industry.

CGMA continues to support its tenants' businesses not only through marketing and communication but also in providing connections up and down the supply chain. With surveys showing that sourcing and provenance are more important to London diners than the reputation of a restaurant's head chef, CGMA continues to support its tenants in bringing new suppliers to the market. NCGM remains the only UK wholesale market that can provide a full Red Tractor chain of accreditation.

As European Director of the World Union of Wholesale Markets I was delighted that London hosted the 2014 WUWM Conference and that we were able to welcome over 140 international delegates to the market. We have learned much from our visits to overseas markets and this visit was an opportunity for us to reciprocate and share our experience in planning for our future.

I am proud to lead a small but highly professional CGMA team. I would like to thank them for their enthusiasm and dedication. Markets are core to city life. London, as a global capital deserves the best of markets and that is what we believe we provide - a world class market for a world class city.



“

NCGM sits at the heart of London's food supply chain...

”



The Future: *Transforming New Covent Garden Market*



In 1974 Covent Garden Market moved to Nine Elms, becoming New Covent Garden Market. The new site was just three miles away but it was a move from handcarts pulled over Victorian cobbles to forklift trucks off-loading pallets from twin axled lorries. The world was changing and the market changed with it.

In the 1970s supermarkets stopped buying from wholesale markets and went direct. Covent Garden Market no longer acted as a price setter for UK fruit and vegetables. Independent greengrocers went into decline as supermarkets dominated the high street.

NCGM responded to this change by looking for new customers and building on its existing reputation for supplying London's cafes and restaurants. Its base at Nine Elms gave it the perfect location to deliver London's kitchens with the freshest fruit and vegetables and to keep London's florists supplied with the best flowers and plants.

40 years on NCGM is preparing once again to reinvent itself. This time it won't be moving but it will be transforming itself to make sure it stays ahead of the game.

In January 2015 Wandsworth Council approved VSM's plans for the New Covent Garden Market site. £130m will be invested in a new market with fruit, vegetable and flower trading consolidated onto one 37 acre site. This will be funded by the release of surplus land that will provide 3,000 new homes for London, 100,000sq ft of retail space and 135,000 sq ft of commercial space.

This exciting project will not only provide modern facilities for the 200 companies already based at the market - it will also help create a new food quarter for London, giving Nine Elms a sense of place, an identity focused around food and flowers.

40 years ago the market was part of the London streetscape. The transformation of NCGM will see it once again become part of London's daily life. The public will be able to buy from a new street market. They will be able to learn and share in the expertise of the market.

This project will take seven years to complete. The priority is to ensure the 200 businesses based here continue to trade effectively during the building of the new facilities.



The Garden
at New Covent
Garden Market™

More information is available at
www.newcoventgardenmarket.com

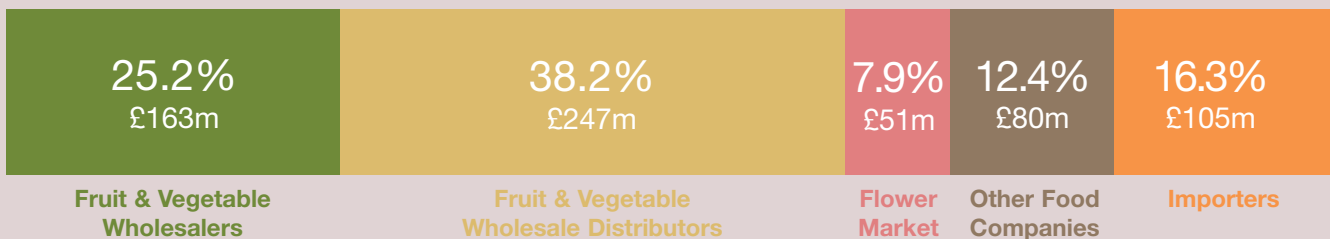
New Covent Garden Market Trade

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

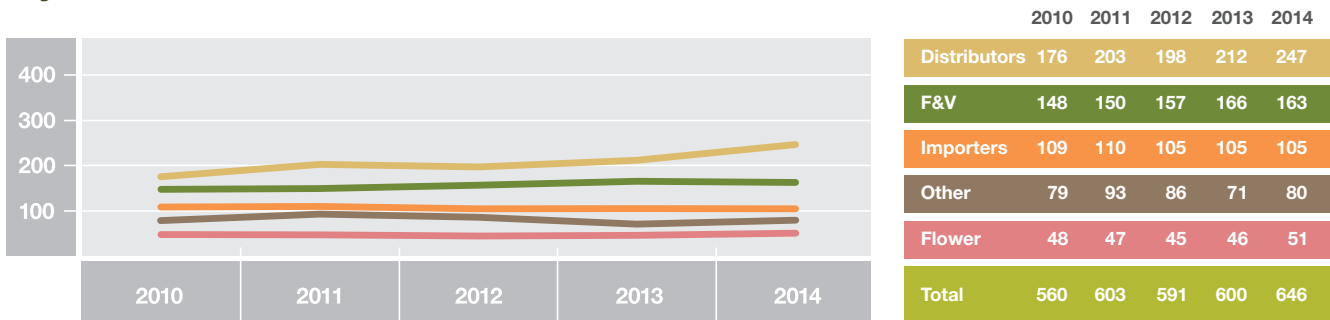
200 companies trading **fruit, vegetables** and **flowers** but also **dairy, meat, fish, ice** with **more wholesale distributors on one site** than anywhere else in the UK



Total Market Trade £646m up 8.0%



5 year trends in Market trade



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

Total Fruit & Vegetable Wholesalers Turnover

Selling **160** types of fruit and **180** varieties of vegetable - from apples to zucchini, from asparagus to yams.

Total turnover for the fruit and vegetable wholesalers declined by 1.8% from £166m to £163m mainly as a result of deflation in fruit and vegetable prices which dropped by over 15% in the year.

Q u a l i t y | R a n g e | E x p e r t i s e



Total F&V Wholesalers Turnover | down 1.8%
£166m 2013 | £163m 2014

Total Fruit & Vegetable Wholesale Distributors Turnover

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. Total turnover for this sector jumped by some 17% to £247m as a result of the upturn in eating out in London.

Q u a l i t y | S e r v i c e | A d d e d V a l u e



Total F&V Wholesale Distributors Turnover | up 17%
£212m 2013 | £247m 2014

Total Flower Market Turnover

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. **57%** of the flowers sold outside supermarkets have been supplied by NCGM and **75%** of London's florists use the market.

Turnover for the Flower Market was £51m, up **11%** which follows a few years of soft trading as a result of the recession.

Q u a l i t y | R a n g e | P a s s i o n



Total Flower Market Turnover | up 11%
£46m 2013 | £51m 2014

Total Other Food Companies Turnover

The same upturn in eating out in London saw this sector grow by nearly **13%** to £80m.



Total Other Food Companies Turnover | up 13%
£71m 2013 | £80m 2014

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.



Importers
£105m 2013 | £105m 2014

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.

£4.5m
Rental income

36 staff
employed by CGMA

What we do

CGMA lets and manages the space at NCGM and derives its income from the rents. Services provided include:

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

More information on these services can be found on pages 16 to 17.

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 and other activities is not included.

Occupancy of trading space in the largest sector, the core food market, has reduced from 96% to 94% as at 31 March 2015. This is down from the peak occupancy rate during the year of 99%.

Leases for trading space across the Market are agreed using a standard lease template which currently runs from April 2010 to March 2020 with a tenant break option in March 2015.

As a result of the tenant break option the number of companies leaving the market in the year was 15, with an additional three leaving after the year end. This compares to 12 in 2014. However, when the last lease break event occurred in 2010, 42 companies left the Market. 14 existing tenants have taken additional space and four new companies have become tenants. CGMA continues to receive more interest in space than it is able to accommodate.

In addition to external interest in space, there is strong demand for short term lets where companies need additional space for a limited period. To meet this demand CGMA has decided to keep a small number of units available for short term licences only so it can remain flexible in meeting the needs of its tenants. CGMA will cover the GSC for these units when unoccupied.

Demand for space in the Flower Market has steadily increased over the course of the year with total occupancy of trading space increasing from 74% in March 2014 to 82% in March 2015. This increase reflects the stronger trading position within the Flower Market.

Outside of NCGM, the availability of good quality warehouse and distribution space in Central London is extremely limited. This shortage combined with strong demand is creating upward pressure on rents across the Greater London area. This trend is set to continue for the foreseeable future especially as the need to use land for housing increases.



Core F&V Market | down 2% points
96% let 2014 | 94% let 2015



Trading Space % Let | up 8% points
74% March 2014 | 82% March 2015

Non Core Income

In addition to earning income from rents, CGMA continues to look for opportunities to generate revenue while not having an impact on core Market business.

Casual Parking

Where space is not needed for core Market activities, it is let for other uses such as parking for external organisations. Demand for coach parking has increased as the number of coaches operating in London has grown and the availability of parking space has decreased. The flexible nature of the site remains attractive to event organisers working in the area.

Sunday Market

The Sunday Market, known locally as the Nine Elms Sunday Market, continues to be operated by CGMA and managed by Saunders Markets Limited (SML). This large retail market is hugely popular with both the local community and the wider South West London area. The extensive range of good value merchandise and produce attracts thousands of visitors every Sunday. The diversity of the food offer reflects the diversity of the surrounding area.

The Sunday Market performed well throughout the year, with income up by 2.6%. The good weather during 2014/15 contributed to more casual entries than the previous year. It continues to support both 'The Real Deal', designed to protect both customer and traders' interests as well as the 'Love Your Local Market' initiative.

Plans are in place to ensure that the Sunday Market will continue to trade throughout the redevelopment process albeit in temporary locations around the site and possibly with a reduced capacity. It remains an integral part of NCGM in the future.

Commercial Operations

Director's Report

Bob Marlow, Commercial Operations Director, Covent Garden Market Authority

As well as leasing trading 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 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 is made up of representatives at all levels drawn from the full spectrum of stakeholders across the Market community. It includes Wandsworth's Environmental Services Department, CGMA's third party health and safety advisor and tenants. Key Health and Safety issues are aired and addressed in a practical way designed to attract maximum engagement from the Market community.

CGMA is responsible for health and safety in the public areas of the site while tenants are responsible for health and safety within their own leased premises. CGMA encourages the many small and medium sized businesses on site to seek advice and support to meet their statutory obligations.

There were 27 incidents on site reported to or recorded by CGMA security, a reduction of four on the previous year. This number includes thefts and break-ins as well as accidents such as slips and trips. There were 11 vehicle incidents on site, two of which were serious. This is set against a total of over 1.3m vehicle movements in the year which gives an occurrence rate of 0.0009%.

Site improvements this year include changes to the road layout from the Flower Market under the railway viaduct in response to the changes on site from works by Transport for London. These works relate to preparation for the new Nine Elms underground station, part of the Northern Line Extension.





CO² Emissions (tonnes) | down 7%
 13,547 2014 | **12,542 2015**

Environment

While CGMA recognises the importance of reducing the carbon footprint of NCGM this remains a challenge given the aged infrastructure on site. The total CO² produced by gas and electricity was 12,542 tonnes compared to 13,547 tonnes for the previous year. This 7% decrease is a result of the decommissioning of the boiler house to make way for the works on the Northern Line extension. The provision of air conditioning units in the fruit and vegetable market offices and a new, rented boiler for the Flower Market has led to greater efficiencies.



Customer Satisfaction | up 2% points
 84% 2014 | **86% 2015**

Customer Satisfaction

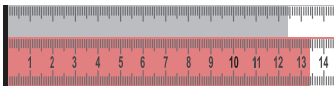
CGMA is committed not only to providing value for money to its tenants through managing costs but also to improving the services it provides to tenants. An anonymous survey of tenants is carried out annually asking whether tenants think the service they had received from CGMA staff had improved over the last year. 86% said that service had improved. This was up on the previous year's rating of 84%.

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 each year with the tenant community at the Market Finance Committee (MFC) and the costs are allocated to tenants on a square footage basis across all units. CGMA is responsible for the charges on empty property.

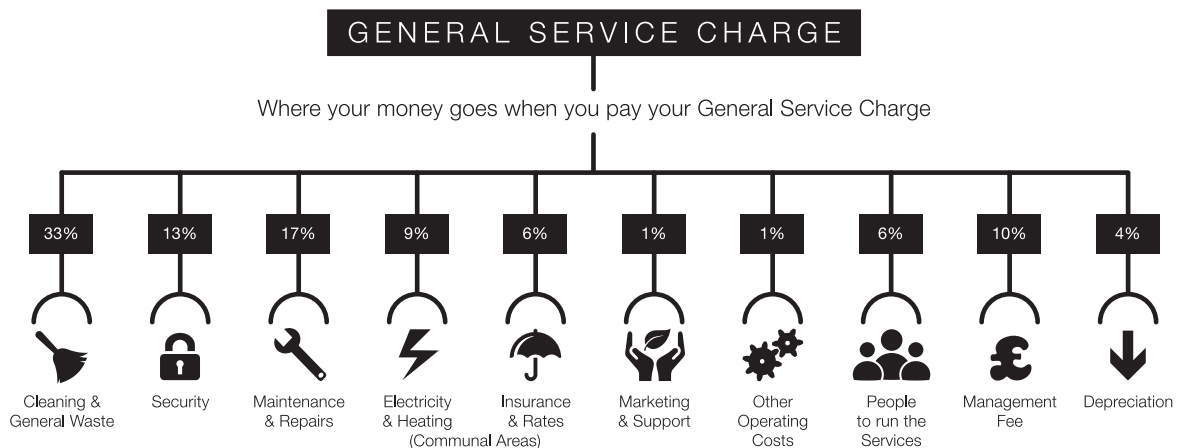
Special service charges are levied in the Flower Market for services specific to that building, such as temperature and humidity control. In the year responsibility for carrying goods into the trading area was transferred to OCS who also provide security staff on site.



General Service Charge £ per sq ft
 12.42 2013/14 | **13.39 2014/15**

In the year the GSC increased to £13.39, up from £12.42 in the previous year. Much of this increase was the statutory maintenance that needs to take place given that some areas of the site will not be replaced in the next five years. Another significant element is labour costs and these will continue to rise.

The Operations team have regular liaison meetings with the tenant community to ensure that high standards of service are maintained and that any issues can be addressed before they become problems.



Entry Control

Market users, including tenants, purchase annual entry permits and the receipts from these permits are used to offset the costs of operating NCGM, so reducing the GSC costs for tenants. The casual entry charge was not increased in the year and has been £5.00 for the last four years. Casual entries were up in the year.

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 - and where those vehicles park. As in previous years the cost of parking on the ground for private vehicles went up by a higher amount to encourage the use of the multi-storey car park.

Upkeep & Capital Works

NCGM is now over 40 years old and it is vital to keep maintenance of the ageing infrastructure under constant review. A higher level of repairs was needed in this year than in the previous year, in particular there were three burst sprinkler systems which needed repairing and numerous repairs needed to the roads as a result of day to day wear and tear. CGMA's staff manage the maintenance of the site through external contractors and outsourced labour. While CGMA is committed to providing a safe and clean market that promotes a positive trading environment, all works have to be considered against the timetable for the site's redevelopment.

This year work has included upgrades to the IT infrastructure and replacement vehicles to manage recycling on site. There were also improvements for health and safety management and road repairs.

While the capital expenditure in the year amounted to £2.0m (2013/14: £0.11m) much of this relates to the move of Covent House and the decommissioning of the Boiler House as those sites were transferred to London Underground Limited (LUL) to deliver the extension to the Northern Line. These costs have been recovered from LUL.

Cleaning & Waste Management

CGMA manages the waste systems on site through Interserve Ltd who provide equipment and operatives. Tenants are expected to contribute to the management of the waste by a primary sort at their premises before CGMA carry out a secondary segregation at the waste compound. Pay as You Throw (PAYT), the system by which each tenant pays for the waste they generate, has operated on the Fruit and Vegetable Market for some years.

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

Total volumes of waste increased in the year to 14,683 tonnes up 4.8% (2013/14: 14,008 tonnes) as a result of increased activity by the wholesale distributors on site. Increases in landfill taxes have resulted in higher levels of 'fly tipping' from both customers and tenants which is difficult to stop. This trend to higher volumes of waste will continue when the waste compound moves temporarily off site and only a primary segregation of waste by the tenants will take place.

Security

OCS provides the security service at NCGM. Service levels continue to be enhanced through training of all staff from supervisory to security officer level. Duties include safety inspections, traffic management and vehicle safety as well as carrying in goods into the Flower Market. These duties will become even more important when construction starts on site.

A collaborative approach with tenants and market users in policing the site has been developed and crime on site remains low and of a minor nature.



Total Volumes of Recycled Waste | up 3.6%
7,315 tonnes 2014 | 7,580 tonnes 2015

Business Development and Support

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

This support includes encouraging new customers, engaging with the next generation, promoting the market and playing an active role in the wider market's community.

New Customers

Over 75 new food businesses have been introduced to NCGM during the year. Visits have been organised with the **Lambeth Food Partnership** and as part of **Wandsworth Council's Enterprise Week**.

Regular **Florist Buddy** tours of the Flower Market give new florists an overview of how the market works and an introduction to the wholesalers.

CGMA has developed a range of resources to help customers including **seasonal charts** and regular **monthly newsletters**.

Next Generation

The strong links with catering colleges continue to grow, especially with **Westminster Kingsway** and its International Diploma courses. The annual **Flower Market College Day** is now a permanent fixture in the calendar for floristry colleges in London and the South East attracting over **500 students** each November.

Promoting the Market

NCGM's reports and profiles reach over **4,500** people a month. In addition on **Twitter** the Market is followed by nearly **13,000** people. Recently NCGM has joined **Pinterest** and **Instagram** and continues to build on its **Facebook** presence.

Social media has been particularly instrumental in the tremendous success of **British Flowers Week** which in its second year reached over **1.5m** people through Twitter, in addition to generating strong coverage in traditional print and broadcast media.

Market's Community

CGMA continues to play a proactive role in the wider market's community. Jan Lloyd chairs the **Association of London Markets** and is also chair of the **European Regional Group of the World Union of Wholesale Markets (WUWM)**. In September 2014 the annual WUWM conference took place in London and NCGM hosted a visit by over 140 delegates from around the world. CGMA is also a member of the **National Association of British Market Authorities**.

40th Anniversary

To mark the 40th Anniversary of the Market's move to Nine Elms, NCGM was a platinum sponsor of the first **London Produce Show** which took place at Grosvenor House in June. Pictures of both the Fruit & Vegetable and Flower Markets were part of an exhibition of London's markets at City Hall. CGMA also produced an anniversary booklet which looked back over the last 40 years capturing some of the Market's most important moments. A montage of some of these celebratory events is shown on the facing page.

75+ food businesses
organised visits

500+ students
attend College Day





- 1 40th anniversary brochure
- 2 London Produce Show 2014
- 3 Efra Select Committee
- 4 National Chef of the Year
- 5 Flower Market College Day
- 6 Efra Select Committee
- 7 Great British Railway Journeys
- 8 Flower Market College Day
- 9 Caterer & Hotelkeeper feature
- 10 London Produce Show 2014
- 11 Market Report
- 12 WUWM visit
- 13 Okishima + Simmonds for BFW 2014
- 14 National Chef of the Year

The Wider Community



Stakeholders

NCGM makes a valuable contribution to London's economy and CGMA actively seeks to engage with a wide range of stakeholders to promote the market's role. Some of these stakeholders have a direct interest in the market's trade, others understand the strategic importance of NCGM. This engagement includes not only regular newsletters and meetings but also active membership of trade associations and other representative organisations.

A number of Statutory Committees are held during the year and a list of these committees and their members is given in Appendix II.

During the year CGMA had direct links with:

Fresh Produce Consortium • Greater London Authority • Sustain • British Floristry Association • National Association of British Market Authorities • World Union of Wholesale Markets • Craft Guild of Chefs • Quality Food Awards • Royal Horticultural Society • National Fruit Show Society • Transport for London

Londoners



CGMA showcases the Market to a wider London audience through involvement in the **Chelsea Fringe** and the **Open House** weekend giving Londoners an opportunity to see the Market at work. In 2014 **Time Out** featured the Market's Chelsea Fringe tour as one of its top ten activities and places for the Open House tour were booked within hours of the event going live on the website. CGMA Chair, Pam Alexander, was a member of the judging panel for the Nine Elms on the South Bank Bridge designs.

Local Community

Since it was set up in 2011 the CGMA Community Fund has supported **27** local projects with grants between £500 and £5,000, committing **£127,000** to date. In the last year CGMA made £26,700 (2013/14: £29,385) available to these local initiatives.

Examples of the projects supported include:

- **Fit and Connected** helping older people at risk of isolation to combine keep fit with IT troubleshooting built in. All participants have reported improvements to their health and topics covered in the IT sessions have included online shopping and 3D modelling.
- **Ignito** helping NEETS (not in education, employment or training) aged between 14 and 25 on local estates on an employment programme, setting up a peer to peer support group.
- **VGERTA Vauxhall Gardens Estate** used CGMA funding to bring 'a touch of the Mediterranean' to their environment through the planting of palms and other trees. This was celebrated in a video the Residents Association uploaded on YouTube.

In addition, CGMA gave support to the **Our Hut** project 'A Space for Flowers' which was funded by the **Heritage Lottery Fund**. This culminated in an exhibition at The Garden Museum.

In partnership with Wandsworth Council, CGMA part funded a project called **Creative Roots** which sought engagement with the Savona, Patmore and Carey Gardens estates which bound the market.

CGMA has also donated space for **Floral Angels** - a charity bringing joy to those in need through flowers.

£26,700 given
as grants in the year



1



2



3



4

- 1 Cycling with Wheels for Wellbeing Sept 2014
- 2 Our Hut exhibition
- 3 Floral Angels
- 4 City Harvest



Finance Director's Report

Clive Morton, Finance Director, Covent Garden Market Authority

The Authority is pleased to report that its normal trading activities produced another positive result for the year.

After absorbing costs associated with the Redevelopment Project of £0.9m the Authority is reporting a profit after tax of £1.0m.

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

Whilst total revenue rose only marginally, the previous year included substantial receipts relating to Rights of Light and access over our land and the year included reimbursement of our costs incurred in facilitating neighbouring developments. Revenue from our normal trading activity on site increased by some 7.1%. Rent from our trading and office tenants increased by 6%. Occupancy levels declined marginally in the core Food Market during the year and rental income was augmented by a number of short term lets. Income from coach and car parking increased by 8.9%. Income from our Sunday Market increased by 2.6%. 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 £12.42 to £13.39 per square foot.

The subsidy by Defra of the cost of capital charge for the year was £1.5m, £0.5m less than the previous year when the charge was fully subsidised.

Operating Costs

Staff costs for the year, which included some redundancy costs in respect of the carrying-in-gang, were 6.1% higher than the previous year. Other operating costs increased by 9.4%; however, the year included £0.7m of costs that were incurred to enable neighbouring developments, in particular the development of the new underground station, which were reimbursed by the developer. The 2.2% increase excluding the reimbursed costs was due to increases in providing market security, maintenance and repairs on an ageing infrastructure and waste disposal due to increased activity on the market. These have been offset by savings in electricity and a credit arising from the release from the bad debt provision resulting from improved credit control procedures.

Operating profit before Redevelopment Project costs was £1.7m (2013/14: £3.2m), a decrease of 44.7%. This reflects the absence of the one off receipts in respect of Rights of Light and the shortfall in subsidy of the cost of capital charge referred to above in the year's receipts.

The costs of obtaining planning permission for the redevelopment and in progressing the Development Agreement to unconditionality were £0.9m (2013/14: £1.2m).

The operating result after Redevelopment Project costs was a profit of £0.8m (2013/14: £2.0m).

Interest receivable for the year was £0.07m (2013/14: £0.05m).

The profit before taxation for the year was £0.8m (2013/14: £2.0m).

Result for the Financial Year

A corporation tax charge for the year of £0.6m (2013/14: £0.7m) was offset by the release of the previous year's provision of £0.6m and a deferred tax credit of £0.1m resulting in a tax credit of £0.1m (2013/14: £0.06m credit).

The profit for the financial year after taxation was £1.0m (2013/14: £2.0m).

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 International Accounting Standard 19, 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 IAS 19 as at 31 March 2015 generated an actuarial loss in the year of £1.0m, impacted by falling discount rates on high quality corporate bonds in the year, offset by a fall in RPI. 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 (2013/14: £5.3m increase). This was despite the cash outflow associated with Redevelopment Project costs. The Authority ended the year with substantial cash or cash equivalent balances of £14.1m (2013/14: £14.2m).

Capital Expenditure

Capital expenditure during the year totalled £2.0m (2013/14: £0.1m). This included expenditure of £1.5m on new temporary offices to house the Authority's staff and new heating units for the market. The previous offices and boiler house were transferred to London Underground Limited (LUL) in January 2015 to facilitate the building of a new underground station. This expenditure was reimbursed by LUL.

Improvements to a number of the Rail Arches costing £0.3m were reimbursed under an arrangement with Barratt Developments which has leased the Arches.

Total Equity

The total comprehensive income for the year resulted in a small increase in the value of net assets to £10.4m (2013/14: £10.3m).

The sum of £3.1m identified in note 20 as 'Future Expected Dividend Payment' to Defra represents funds retained 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 £8.8m (2013/14: £9.1m).

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.'

Having regard to the profit made in the financial year 2014/15 and in previous years, notwithstanding the losses made in certain recent years, it is considered, taking one year with another that 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, having regard to the UK Corporate Governance Code issued by the Financial Reporting Council, insofar as these are appropriate to a small 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 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 | 11 | 4 | 4 |
| Pam Alexander | 11/11 | - | - |
| Bill Edgerley | 10/11 | - | 4/4 |
| Helen Gordon | 11/11 | - | 4/4 |
| Nigel Jenney | 11/11 | 2/4 | - |
| Archie Robertson | 11/11 | 4/4 | - |
| Glyn Smith | 10/11 | 4/4 | - |
| Teresa Wickham | 11/11 | - | 4/4 |

Audit Committee

The Audit Committee comprises three members of the Board. Membership at the year-end consisted of Glyn Smith FCA (Chairman), Nigel Jenney and Archie Robertson. 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 2015. 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 Bill Edgerley (Chairman), Helen Gordon and Teresa Wickham. 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.

Remuneration Committee

The Remuneration Committee comprises three members of the Board. Membership at the year-end consisted of Pam Alexander (Chair), Bill Edgerley and Glyn Smith. A representative of Defra attends by invitation but is not a member of the Committee. The Committee sets the remuneration policy for the Senior Management Team and recommends and monitors the level and structure of remuneration for all staff.

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 2015, 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 |
| Tim Render | | Defra |
| Ian Leggat | | 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 Development Fora with representatives of the CGMA Board.

A variety of professional and specialist advisers have contributed to the Redevelopment Project during 2014/15, working as a Project Team in conjunction with the Authority's management. Having entered into a conditional Development Agreement with VINCI St Modwen (VSM) during the financial year ended 31 March 2013, during the year the Authority has been working with VSM to refine the design of the market and to progress the planning application for the final scheme so that the Development Agreement becomes unconditional.

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 take account of the pressing need for substantial investment in the Market's facilities. Now that the contract with VSM is unconditional, the rebuilding of the market should be secured. It is therefore the opinion of the Authority's Board that the Authority has adequate resources to continue in operational existence for the foreseeable future.

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 2015 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 successful completion of the Redevelopment Project is dependent on numerous economic, political and business factors.

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.

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. In particular, this risk is mitigated by the protection for CGMA within the Development Agreement with VSM, designed to ensure that the new Market is completed.

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. The Development

Agreement with VSM became unconditional shortly after the year-end. CGMA and VSM continue to engage with the Market community to ensure that their views are taken into account in refining and finalising the detailed specification of the new Market. We liaised closely with local neighbours in preparing the planning application and will continue to engage with the local community as we move towards implementation.

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 136 are wholesale and distributive tenants in the horticultural sector. There are 64 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. 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 believes that it applies the principles of the Equality Act 2010 and demonstrates leadership in matters of equality and diversity and acts in accordance with its Public Sector Equality duty.

The objectives that CGMA has adopted 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 has a contract to manage the weekly Sunday Market.

Business Review

Pages 9 to 33 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 £18.2m. It is the Authority's opinion that the market value of the Market land and buildings 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 £26,700 (2013/14: £29,385).

Business Prospects

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 is clear that updating Market facilities will require considerable investment which is unlikely to be funded by the Government. The successful completion of the conditions of the contract with VSM was completed after the year-end. Now that the contract is unconditional, the rebuilding of the Market should be secured.

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 2015)



Pam Alexander OBE

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

**Appointed until
31 January 2016**

Currently

Non-Executive Director
Crest Nicholson plc
The Academy of Urbanism

Chair
Cabe at the Design Council

Trustee
Design Council
Brighton Dome & Festival Ltd

Member
London Mayor's Design
Advisory Group
New London Architecture
Sounding Board

Previously

Chair
Peabody Trust
2004-2009

Chief Executive
South East England
Development Agency (SEEDA)
2003-2011
English Heritage
1997-2001

Deputy Chief Executive
Housing Corporation
1995-1997

Senior Civil Servant
Department of the Environment
1975-1994



Bill Edgerley**

**Authority Member
from 1 March 2010**

**Appointed to
28 February 2016**

Currently

Trustee
Cutty Sark
Henry Moore Foundation
Royal Greenwich
Heritage Trust

Chairman
Cutty Sark Enterprises

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 2016**

Currently

Global Head
Real Estate Asset
Management for RBS
2011-date

Trustee
College of Estate Management
2007-date

Previously

Life Fund Director
Legal & General Investment
Management
2003-2011

Group Property Director
Railtrack Group plc
1997-2003

Managing Director
John Laing Developments
1987-1997

Former Board Member
British Waterways Board
2000-2006



Nigel Jenney*

**Authority Member
from 21 September 2013**

**Appointed to
20 September 2016**

Currently

Chief Executive
Fresh Produce Consortium
2004-date

Non-Executive Director
Freshfel (European fresh
produce trade association)
2004-current
International Federation of
Produce Standards
2006-current

Previously

Managing Director
Univeg
2000- 2004
ERFP
1996-2000

Senior Management
H J Heinz
1988-1996
Department of Agriculture,
Scotland
1982-1988



Glyn Smith*

**Authority Member
from 21 September 2007**

**Appointed to
20 September 2016**

Currently

Non-Executive Director
Coventry Building Society
FCO Services
Reclaim Fund Ltd

Previously

Group Finance Director
Portman Building Society
1999-2006

Divisional Director
Barclays Bank
1991-1999

Non-Executive Directorships
Domestic & General Group PLC
2004-2007
Stroud & Swindon
Building Society
2007-2010
Bournemouth University
2003-2010
NHS Dorset
Bournemouth & Poole
2006-2013

Examiner
Institute of Chartered
Accountants in England
and Wales
2007-2014



Teresa Wickham**

**Authority Member
from 21 September 2013**

**Appointed to
20 September 2016**

Currently

Chief Executive
TWA Communications

Adviser
Sainsbury's Agricultural team

Member
Harvard Business School
PAPSAC Committee
London Food Board
Worshipful Company of
Farmers

Ambassador
Tomorrow's People

Previously

Governor
Royal Agricultural University
 Cirencester

National Chairman
Women's Farming Union
1979-1985
02GO
2000-2002

Director
Safeway Stores
1990-1996

Chair
London Tourist Board
2000-2002



Archie Robertson OBE*

**Authority Member
from 1 July 2013**

**Appointed to
30 June 2016**

Currently

Chairman
Rapid5D Ltd
2010
Board of Trustees Living Streets
2012
Via Verde Inc
2011

Director
Ardnish Experiences Ltd
2015-date

Previously

Strategic Adviser
Happold Consulting Ltd
2013-2014

Chief Executive
David MacBrayne Group
2010-2012
The Highways Agency
2003-2008

Non-Executive Director
Capita Symonds Ltd
2008-2011
ASI plc
2009-2010

Operations Director
The Environment Agency
1995-2003

* Member of the Audit Committee

**Member of the Finance and
Strategy Committee



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5 Year Summary of Financial Statements

| | 2010/11 £'000 | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| 1 Gross income including finance income | 15,816 | 15,876 | 16,767 | 18,038 | 17,777 |
| 2 Gross expenditure including depreciation | (14,273) | (14,112) | (14,619) | (14,880) | (16,022) |
| 3 Surplus before redevelopment project costs | 1,543 | 1,764 | 2,148 | 3,158 | 1,755 |
| 4 Redevelopment project costs | (4,225) | (3,922) | (2,905) | (1,176) | (908) |
| 5 Surplus/(deficit) for the year | (2,682) | (2,158) | (757) | 1,982 | 847 |
| 6 Corporation tax & deferred tax | 171 | (384) | 42 | 62 | 108 |
| 7 Net profit/(loss) after accounting for tax | (2,511) | (2,542) | (715) | 2,044 | 955 |
| 8 Capital & reserves | 12,400 | 9,902 | 8,685 | 10,298 | 10,448 |

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 2015 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 25. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 Financial Reporting Council's (FRC) Ethical Standards for Auditors.

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/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Authority's affairs as at 31 March 2015 and of its profit 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.

Opinion on other matter prescribed by the Covent Garden Market Acts 1961 to 1977

In our opinion, the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Covent Garden Market Acts 1961 to 1977 requires us to report to you if, in our opinion:

- Proper accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit; or
- The Statement on Internal Control does not reflect the Authority's compliance with the Treasury guidance 'Corporate Governance: Statement on Internal Control', does not meet the requirements for disclosure specified by the Treasury, or the statement is misleading or inconsistent with other information that we are aware of from our audit of the financial statements; or
- Information specified by law regarding Members' remuneration and transactions is not disclosed.

Income Statement for the year ended 31 March 2015

| | Note | 2015 £'000 | 2014 £'000 |
|--|--------|---------------|---------------|
| Revenue | 2 | 16,179 | 15,959 |
| Government cost of capital subsidy | 1n | 1,530 | 2,030 |
| | | 17,709 | 17,989 |
| Operating expenditure | | | |
| Operating costs (excluding staff costs) | 3 | (10,458) | (9,562) |
| Board members and staff costs | 9 | (2,386) | (2,248) |
| Depreciation | 11 | (1,093) | (998) |
| Government cost of capital charge | 1n | (2,030) | (2,030) |
| | | | |
| Redevelopment project costs | 1q & 4 | (908) | (1,176) |
| | | | |
| Operating profit (before redevelopment project costs) | | 1,742 | 3,151 |
| | | | |
| Operating profit (after redevelopment project costs) | | 834 | 1,975 |
| Finance income | 5 | 68 | 49 |
| Finance costs | 8 | (55) | (42) |
| Profit before taxation | | 847 | 1,982 |
| Taxation | 10 | 108 | 62 |
| Profit for the financial year | | 955 | 2,044 |

Statement of Comprehensive Income for the year ended 31 March 2015

| | Note | 2015 £'000 | 2014 £'000 |
|--|------|---------------|---------------|
| Profit for the financial year | | 955 | 2,044 |
| Other comprehensive income for the year | | | |
| Actuarial loss on defined benefit pension plan | 15 | (1,006) | (539) |
| Income tax associated with actuarial loss on pension liability | 17 | 201 | 108 |
| Total comprehensive income for the year | | 150 | 1,613 |

Statement of Financial Position as at 31 March 2015

| | Note | 2015 £'000 | 2014 £'000 |
|---|------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 5,286 | 4,553 |
| Deferred tax asset | 17 | 457 | 275 |
| Total non-current assets | | 5,743 | 4,828 |
| Current assets | | | |
| Inventories | 12 | - | 20 |
| Trade and other receivables | 13 | 2,408 | 571 |
| Cash and cash equivalents | 14 | 14,053 | 14,147 |
| Total current assets | | 16,461 | 14,738 |
| Total assets | | 22,204 | 19,566 |
| Equity and liabilities | | | |
| Equity | | | |
| Reserve fund | | 400 | 400 |
| Retained earnings | | 10,048 | 9,898 |
| Total equity | | 10,448 | 10,298 |
| Non-current liabilities | | | |
| Deferred capital government grants | 16 | 317 | 477 |
| Deferred tax liabilities | 17 | 294 | 390 |
| Employee retirement benefit obligations | 15 | 2,283 | 1,373 |
| Total non-current liabilities | | 2,894 | 2,240 |
| Current liabilities | | | |
| Trade and other payables | 18 | 8,062 | 5,637 |
| Current portion of deferred capital government grants | 16 | 160 | 160 |
| Current tax liabilities | | 640 | 1,231 |
| Total current liabilities | | 8,862 | 7,028 |
| Total liabilities | | 11,756 | 9,268 |
| Total equity and liabilities | | 22,204 | 19,566 |

The accounts were approved by the Authority's Board and were signed on its behalf on 8 July 2015 by:

P Alexander OBE Chair

J Lloyd Chief Executive Officer

8 July 2015

Statement of Changes in Equity for the year ended 31 March 2015

| | Reserve fund £'000 | Retained earnings £'000 | Total equity £'000 |
|---|-----------------------|----------------------------|-----------------------|
| Balance at 1 April 2013 | 400 | 8,285 | 8,685 |
| Profit for the year | - | 2,044 | 2,044 |
| Other comprehensive loss | - | (431) | (431) |
| Total comprehensive income for the year | - | 1,613 | 1,613 |
| Balance at 31 March 2014 | 400 | 9,898 | 10,298 |
| Profit for the year | - | 955 | 955 |
| Other comprehensive loss | - | (805) | (805) |
| Total comprehensive income for the year | - | 150 | 150 |
| Balance at 31 March 2015 | 400 | 10,048 | 10,448 |

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 IFRSs. As a result, actual distributable profits may not coincide with the figures shown above.

Statement of Cash Flows for the year ended 31 March 2015

| Note | 2015 £'000 | 2014 £'000 |
|---|----------------|---------------|
| Operating cash flow (before redevelopment project costs) | 3,253 | 6,735 |
| Operating cash outflow relating to redevelopment project costs | (869) | (1,371) |
| Cash flow from operating activities | 2,384 | 5,364 |
| Income taxes paid | (560) | (39) |
| Net cash inflow from operating activities | 1,824 | 5,325 |
| Cash flow from investing activities | | |
| Interest received | 68 | 49 |
| Purchases of property, plant and equipment | (1,986) | (110) |
| Net cash outflow from investing activities | (1,918) | (61) |
| Net (decrease)/increase in cash and cash equivalents | (94) | 5,264 |
| Cash and cash equivalents at beginning of year | 14,147 | 8,883 |
| Cash and cash equivalents at end of year | 14,053 | 14,147 |

Notes to the Accounts for the year ended 31 March 2015

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 IFRSs 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 2014/2015 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.

The members have, at the time of approving the accounts, a reasonable expectation that the Authority has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

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 £2.372m (2014: £0.564m).

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 notes 1i and 15 for further details.

iii Provision for taxation

In providing for tax due, the Authority has made judgements regarding 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 IFRSs 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.

The following new IFRSs were effective for the year ended 31 March 2015:

- Amendments to IAS 32: Financial Instruments - Presentation
- Amendments to IAS 36: Impairment of Assets
- IFRIC 21 - an interpretation of IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

The assessment by members is that the adoption of each of these standards and interpretations had no material impact on the accounts in the period of application.

Certain standards require retrospective application to prior year figures if such application is deemed to have a material effect on the comparative figures. Having considered this for each relevant standard, the members do not believe that adjustments are necessary.

At the date of authorisation of these accounts the following new standards and interpretations have been issued but are not yet effective and have not been applied in these accounts:

- Amendments to IFRS 13: Fair value measurements - short term receivables and payables
- Amendments to IAS 19: Defined benefit plans - employee contributions
- Amendments to IAS 24: Related party disclosures - key management personnel
- IFRS 9: Financial instruments (not yet endorsed by EU)
- IFRS 15: Revenue from contracts with customers (not yet endorsed by EU)
- Amendments to IAS 1: Presentation of financial statements (not yet endorsed by EU)
- Amendments to IAS 16: Property Plant and Equipment (not yet endorsed by EU).

The members do not anticipate that the adoption of these standards and interpretation will have a material impact on the accounts. Certain of these standards and interpretations may require additional disclosures over and above those currently included in the accounts in the period of 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 includes 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 net of the expected return on scheme assets is included in the finance costs.

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, sales of services and other income

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 receivable in the year but in relation to future accounting periods.

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 2013/14 and 2014/15, 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. Defra pays a subsidy to the Authority which contributes towards the payment of the charge.

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. Three purchase days (2014 - 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 costs have previously been described as feasibility costs.

2 Revenue

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

| | 2015 £'000 | 2014 £'000 |
|--------------------------------------|---------------|---------------|
| Income from tenants | | |
| Rents | 4,465 | 4,209 |
| Recoveries from tenants for services | 7,430 | 6,905 |
| Other income | | |
| Commercial vehicle charges | 1,239 | 1,167 |
| Car and coach parking charges etc | 1,019 | 906 |
| Sunday Market | 971 | 946 |
| Miscellaneous receipts | 296 | 269 |
| | 15,420 | 14,402 |
| Rights of light and access | - | 1,557 |
| Recharge of relocation costs | 759 | - |
| | 16,179 | 15,959 |

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 | 2015 £'000 | 2014 £'000 |
|--|------|---------------|---------------|
| Market security | | 1,072 | 997 |
| Rates | | 675 | 645 |
| Maintenance, repairs and renewals | | 1,591 | 1,293 |
| Cleaning and waste | | 2,591 | 2,504 |
| Heat, light and power | | 2,189 | 2,342 |
| Insurance | | 445 | 475 |
| Printing, stationery and telephone | | 73 | 62 |
| Professional fees | | 340 | 362 |
| Auditors' remuneration: audit services | 7 | 27 | 25 |
| Auditors' remuneration: other services | 7 | 50 | 40 |
| Bad debt provision | | (312) | - |
| Publicity | | 256 | 163 |
| Sunday Market operating costs | | 409 | 412 |
| General expenses | | 366 | 242 |
| Costs reimbursed | | 686 | - |
| | | 10,458 | 9,562 |

4 Redevelopment project costs

| | 2015 £'000 | 2014 £'000 |
|---------------|---------------|---------------|
| Project costs | 908 | 1,176 |
| | 908 | 1,176 |

5 Finance income

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Interest receivable: | | |
| On market activities | 52 | 37 |
| On funds invested following the sale of Market Towers | 16 | 12 |
| | 68 | 49 |

6 Operating profit for the year is stated after charging

| | Note | 2015 £'000 | 2014 £'000 |
|---|------|---------------|---------------|
| Depreciation of property, plant and equipment | | 1,093 | 998 |
| Staff costs | 9 | 2,386 | 2,248 |
| | | 3,479 | 3,246 |

7 Auditors' remuneration

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Fees payable to the Authority's auditor for the audit of the Authority's annual accounts | 27 | 25 |
| Fees payable to the Authority's auditor for other services: | | |
| Relating to taxation | 44 | 34 |
| Relating to other services | 3 | 3 |
| Fees payable to the Authority's auditor in respect of associated pension schemes | 3 | 3 |
| | 50 | 40 |

8 Finance costs

| | Note | 2015 £'000 | 2014 £'000 |
|-------------------------------|------|---------------|---------------|
| Net interest costs on pension | 15 | 55 | 42 |
| | | 55 | 42 |

9 The Members and Staff Costs

The Members of the Authority during the year were:

Ms P E Alexander OBE (Chair) • Mr W T Edgerley • Mr G M Smith • Mr A Robertson OBE • Miss H C Gordon
Mr N R Jenney • Mrs T M Wickham

| | 2015 | 2014 |
|------------------------------|--------|--------|
| The Chairs' emoluments were: | 42,000 | 42,000 |

The Chair was the highest paid member.

Other Members' emoluments were in the following ranges:

| | 2015 | 2014 |
|-------------------|------|------|
| £0 - £5,000 | - | 3 |
| £5,001 - £10,000 | - | 3 |
| £10,001 - £15,000 | 5 | 2 |
| £15,001 - £20,000 | 1 | 1 |

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 2015 £ | Remuneration 2014 £ |
|--|-----|---------------------------|---------------------------|
| Mrs J Lloyd, Chief Executive Officer | 54 | 222,569* | 191,715* |
| Mr C Morton, Finance Director/Secretary | 64 | 166,977 | 151,199 |
| Mr R Marlow, Operations Director | 64 | 120,361 | 112,218 |
| Mrs H Evans, Business Development & Support Director | 57 | 99,300 | 81,828 |
| Mr C Townend, Project Director | 43 | 127,898 | 117,240 |

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% (2014: 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 £17,952 (2014: £17,123.) The total of contributions for the other principal officers for the Year amounted to £48,078 (2014: £55,051).

The employer's national insurance on the remuneration of the above officers of the Authority amounted to £93,291 (2014: £81,276).

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

| | 2015 | 2014 |
|----------------|-----------|-----------|
| Administration | 36 | 37 |
| Porters | 4 | 5 |
| | 40 | 42 |

Staff costs for the above persons were:

| | 2015 £'000 | 2014 £'000 |
|--------------------------------------|---------------|---------------|
| Board Members - aggregate emoluments | 137 | 141 |
| Wages and salaries | 1,739 | 1,733 |
| Redundancy costs | 162 | - |
| Social security costs | 185 | 184 |
| Pension service costs | 163 | 190 |
| | 2,386 | 2,248 |

The following number of employees received salaries in the ranges:

| | 2015 | 2014 |
|---------------------|------|------|
| £0 - £10,000 | 5 | 9 |
| £10,001 - £20,000 | 4 | 7 |
| £20,001 - £30,000 | 13 | 12 |
| £30,001 - £40,000 | 11 | 11 |
| £40,001 - £50,000 | 4 | 1 |
| £50,001 - £60,000 | 3 | 2 |
| £60,001 - £70,000 | 2 | 1 |
| £70,001 - £80,000 | 1 | 1 |
| £80,001 - £90,000 | 1 | 1 |
| £90,001 - £100,000 | 1 | - |
| £110,001 - £120,000 | - | 2 |
| £120,001 - £130,000 | 2 | - |
| £150,001 - £160,000 | - | 1 |
| £160,001 - £170,000 | 1 | - |
| £190,001 - £200,000 | - | 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 £15,583 in the year ended 31 March 2015 (2014: £14,643).

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 2014/15 was £225,000 (2013/14: £195,000) this was 7.03 times (2013/14: 6.09) the median

remuneration of the workforce, which was £32,000 (2013/14: £32,036).

In 2014/15 nil (2013/14: nil) employees received remuneration in excess of the highest paid officer; remuneration ranged from £18,285 to £166,977 (2013/14: £20,192 to £151,199).

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.

10 Taxation

| | Note | 2015 £'000 | 2014 £'000 |
|---|------|---------------|---------------|
| UK Corporation Tax on profits for the year | | 554 | 686 |
| Adjustment to previous year's tax provision | | (585) | (668) |
| Total current tax | | (31) | 18 |
| Adjustment to previous year's tax provision | | - | 15 |
| Deferred tax | 17 | (77) | (95) |
| Total deferred tax | | (77) | (80) |
| Total tax credit | | (108) | (62) |

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

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Tax reconciliation | | |
| Profit before taxation | 847 | 1,982 |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 21% (2014: 23%) | 178 | 456 |
| Tax effects of: | | |
| Expenses not allowable for taxation | 285 | 161 |
| Capital allowances in excess of depreciation | - | 97 |
| Adjustments to tax charges in respect of previous years | (585) | (668) |
| Utilisation of brought forward losses | - | (91) |
| Adjust closing deferred tax to 21% (2013/14: 23%) | 14 | (17) |
| Total tax credit for the year | (108) | (62) |

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 2013 | 11,963 | 837 | 3,511 | 16,311 |
| Additions | - | - | 110 | 110 |
| Disposals | - | - | (14) | (14) |
| At 31 March 2014 | 11,963 | 837 | 3,607 | 16,407 |
| Additions | 1,124 | 330 | 532 | 1,986 |
| Disposals | - | - | (243) | (243) |
| At 31 March 2015 | 13,087 | 1,167 | 3,896 | 18,150 |
| Depreciation | | | | |
| At 1 April 2013 | 7,300 | 824 | 2,586 | 10,710 |
| Charge for the year | 885 | 3 | 270 | 1,158 |
| Disposals | - | - | (14) | (14) |
| At 31 March 2014 | 8,185 | 827 | 2,842 | 11,854 |
| Charge for the year | 947 | 3 | 303 | 1,253 |
| Disposals | - | - | (243) | (243) |
| At 31 March 2015 | 9,132 | 830 | 2,902 | 12,864 |
| Net book value | | | | |
| At 31 March 2015 | 3,955 | 337 | 994 | 5,286 |
| At 31 March 2014 | 3,778 | 10 | 765 | 4,553 |

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

| | 2015 £'000 | 2014 £'000 |
|--------------------------------------|---------------|---------------|
| Total depreciation charge to revenue | 1,253 | 1,158 |
| Depreciation charge to capital grant | (160) | (160) |
| | 1,093 | 998 |

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 £14.25m (2014: £12.80m) takes into account this valuation after allowing for approximately £14.4m 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 (2014: £0.445m).

- b Except for long leaseholds valued at £0.087m at 31 March 1977 plus subsequent additions at cost amounting to £1.08m, 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 2015, 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.

| | 2015 £'000 | 2014 £'000 |
|--------------------------|---------------|---------------|
| Cost | 10,137 | 10,137 |
| Accumulated depreciation | (8,623) | (7,934) |
| Net book value | 1,514 | 2,203 |

12 Inventories

| | 2015 £'000 | 2014 £'000 |
|---------------|---------------|---------------|
| Raw materials | - | 20 |
| | - | 20 |

13 Trade and other receivables

| | 2015 £'000 | 2014 £'000 |
|--------------------------------|---------------|---------------|
| Trade receivables | 187 | 844 |
| Less: provision for impairment | (80) | (525) |
| Trade receivables, net | 107 | 319 |
| Other receivables | 2,265 | 245 |
| Prepayments | 36 | 7 |
| | 2,408 | 571 |

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.

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Provisions for impairment of trade receivables: | | |
| As at 1 April 2014 | 525 | 618 |
| Impairment losses reversed | (312) | - |
| Uncollected amounts written off, net of recoveries | (133) | (93) |
| As at 31 March 2015 | 80 | 525 |

As at 31 March 2015, trade receivables of £0.08m were considered to be impaired (2014: £0.525m).

As at 31 March 2015 trade receivables of £ nil (2014: £ nil) were past due but not impaired.

Other receivables do not contain impaired assets.

Due to short term nature of the receivables their fair value approximates to their carrying value per these accounts.

14 Cash and cash equivalents

| | 2015 £'000 | 2014 £'000 |
|-------------------------------------|---------------|---------------|
| Bank deposits - sterling | 9,532 | 11,978 |
| Cash at bank and in hand - sterling | 4,521 | 2,169 |
| | 14,053 | 14,147 |

Cash balances of £2.224m (2014: £1.966m) 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 £0.168m (2014: £0.154m).

The Authority operates a defined benefit scheme for certain employees, the assets of which are held in a separate trustee-administered fund. The scheme's assets are invested in a group pension contract insured with Clerical Medical Investment Group Limited. 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 most recent actuarial valuation at 6 April 2012 has been updated for IAS19 purposes as at 31 March 2015.

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 2015 IAS 19 calculation.

The Authority expects to make a contribution of £168,000 to this defined benefit pension plan in the year to 31 March 2016.

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

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Inflation: | 3.2% | 3.5% |
| Salary escalation: | 4.2% | 4.5% |
| Increase to pensions in payment: | 3.2% | 3.4% |
| Increase in deferment: | 3.2% | 3.5% |
| Discount rate (pre and post retirement): | 3.1% | 4.3% |
| Mortality assumptions: | | |
| Life expectancy at 65 at year end: | | |
| Future pensioners - male | 110% PNA00 | 110% PNA00 |
| Future pensioners - female | 110% PNA00 | 110% PNA00 |
| Current pensioners - male | 110% PNA00 | 110% PNA00 |
| | MCMIN 1.5% | MCMIN 1.5% |
| Current pensioners - female | 110% PNA00 | 110% PNA00 |
| | MCMIN 1.5% | MCMIN 1.5% |

The following table presents a sensitivity analysis for each significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. This sensitivity analysis

applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

| Assumption | Plus | Estimated increase/(decrease) to obligation | |
|---------------|--------|---|--------|
| | | £'000 | Minus |
| Discount rate | 0.1% | (145) | 0.1% |
| RPI | 0.1% | 199 | 0.1% |
| Salary | 0.1% | 17 | 0.1% |
| Age of member | 1 year | (371) | 1 year |

The assets and liabilities of the plan are as follows:

| | 2015 £'000 | 2014 £'000 |
|-----------------------------------|----------------|----------------|
| Group pension contract | 4,642 | 4,482 |
| Cash and other | 273 | 375 |
| | 4,915 | 4,857 |
| Present value of plan liabilities | (7,198) | (6,230) |
| Deficit in the plan | (2,283) | (1,373) |

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

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Interest income related to plan assets | 203 | 204 |
| Interest expense on retirement benefit obligations | (258) | (246) |
| | (55) | (42) |

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:

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Actual return less expected return on pension scheme assets | 160 | (199) |
| Experience gains and losses arising on the scheme liabilities | (68) | (153) |
| Changes in assumptions underlying the present value of the scheme liabilities | (1,098) | (187) |
| | (1,006) | (539) |

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

| | 2015 £'000 | 2014 £'000 |
|---|----------------|----------------|
| Deficit in scheme at beginning of year | (1,373) | (918) |
| Contributions | 151 | 126 |
| Other finance cost | (55) | (42) |
| Actuarial loss | (1,006) | (539) |
| Deficit in scheme at end of year | (2,283) | (1,373) |

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

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| At the start of the year | 4,857 | 5,077 |
| Interest income | 203 | 204 |
| Actuarial gains/(losses) | 160 | (199) |
| Employer contributions | 168 | 143 |
| Administration costs (excl asset management costs) | (17) | (17) |
| Benefits paid out | (456) | (351) |
| At the end of the year | 4,915 | 4,857 |

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

| | 2015 £'000 | 2014 £'000 |
|-------------------------------|---------------|---------------|
| At the start of the year | 6,230 | 5,995 |
| Interest cost | 258 | 246 |
| Actuarial losses | 1,166 | 340 |
| Benefits paid out | (456) | (351) |
| At the end of the year | 7,198 | 6,230 |

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

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---------|---------|---------|---------|---------|
| Difference between actual and expected return on scheme assets: | | | | | |
| Amount (£'000) | 160 | (199) | 262 | 299 | 293 |
| Percentage of scheme assets | 3.3% | (4.0%) | 5.2% | 6.5% | 6.2% |
| Experience gains/(losses) on scheme liabilities: | | | | | |
| Amount (£'000) | (68) | (153) | 27 | 12 | (5) |
| Percentage of the present value of scheme liabilities | (0.9%) | (2.5%) | 0.5% | 0.2% | (0.1%) |
| Total amount recognised in statement of comprehensive income: | | | | | |
| Amount (£'000) | (1,006) | (539) | (660) | 59 | 738 |
| Percentage of the present value of the scheme liabilities | (14%) | (8.7%) | (11%) | 1.2% | 13.9% |
| Total assets and liabilities of the scheme: | | | | | |
| Total fair value of scheme assets | 4,915 | 4,857 | 5,077 | 4,581 | 4,707 |
| Total present value of scheme liabilities | (7,198) | (6,230) | (5,995) | (5,029) | (5,294) |

16 Government grants

| | 2015 £'000 | 2014 £'000 |
|---------------------|---------------|---------------|
| Current portion | 160 | 160 |
| Non-current portion | 317 | 477 |
| | 477 | 637 |

17 Deferred taxation

| | 2015 £'000 | 2014 £'000 |
|--------------------------|---------------|---------------|
| Deferred tax assets | 457 | 275 |
| Deferred tax liabilities | (294) | (390) |
| | 163 | (115) |

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

| | Capital allowances £'000 | Retirement benefit obligations £'000 | Total £'000 |
|--|-----------------------------|---|----------------|
| At 31 March 2013 | (514) | 211 | (303) |
| Credited to the income statement | 124 | (44) | 80 |
| Credited to other comprehensive income | - | 108 | 108 |
| At 31 March 2014 | (390) | 275 | (115) |
| Credited to the income statement | 96 | (19) | 77 |
| Credited to other comprehensive income | - | 201 | 201 |
| At 31 March 2015 | (294) | 457 | 163 |

18 Trade and other payables

| | 2015 £'000 | 2014 £'000 |
|---------------------------------------|---------------|---------------|
| Trade payables | 97 | 18 |
| Other tax and social security payable | 574 | 873 |
| Accruals and deferred income | 5,154 | 2,767 |
| Deposits from tenants | 2,224 | 1,966 |
| March Pension Contribution | 13 | 13 |
| | 8,062 | 5,637 |

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

19 Cash flow from operating activities

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Profit before taxation | 847 | 1,982 |
| Net finance income | (13) | (7) |
| Operating profit | 834 | 1,975 |
| Depreciation charge | 1,253 | 1,158 |
| Net employer contribution after administration cost | (151) | (126) |
| Amortisation of Defra grant | (160) | (160) |
| Operating cash inflow before changes in working capital | 1,776 | 2,847 |
| Decrease in inventories | 20 | 45 |
| (Increase)/decrease in trade and other receivables | (1,837) | 1,198 |
| Increase in trade and other payables | 2,425 | 1,274 |
| Net cash inflow from operating activities | 2,384 | 5,364 |

20 Future expected dividend payment

Following discussions with Defra, the Authority has responsibility to pay a special dividend after the year ended 31 March 2015.

The final amount of dividend cannot as yet be quantified, but if the liability arose at 31 March 2015, the amount of the special dividend would amount to £3.067m (2014: £3.051m).

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 P1 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 2015 is as follows:

| | 2015 Trade and other payables £'000 | 2014 Trade and other payables £'000 |
|-------------------|---|---|
| On demand | 5,293 | 3,294 |
| Less than 1 month | 1,343 | 813 |
| 1 to 3 months | 1,140 | 1,306 |
| 3 to 6 months | 228 | 224 |
| 6 to 12 months | 58 | - |

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

| | 2015 £'000 | | | 2014 £'000 | | |
|---------------------|---------------|----------|--------|---------------|----------|--------|
| | Fixed | Floating | Total | Fixed | Floating | Total |
| Cash | - | 4,521 | 4,521 | - | 2,169 | 2,169 |
| Short-term deposits | 6,000 | 3,532 | 9,532 | 7,967 | 4,011 | 11,978 |
| | 6,000 | 8,053 | 14,053 | 7,967 | 6,180 | 14,147 |

The weighted average interest rate for the fixed rate deposits is 0.54% (2014: 0.52%) and the weighted average days until maturity is 40 days (2014: 60 days). The cash deposits are held on call at BBVA at 0.65% (2014: 1.0%). Should floating interest rates decrease by 1%, potential profit and equity of the Authority for the year would decrease by £0.052m (2014: £0.037m).

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 2015, all of the grant had been received and expenditure incurred.

See Note 1n in respect of a cost of capital charge of £2.030m (2014: £2.030m) and associated subsidy.

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 conditional 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 Authority and VSM having satisfied the conditions, the Development Agreement became unconditional on 9 April 2015.

The total value of the options for surplus land will be in excess of £130m.

There were no other capital commitments authorised or contracted for as at 31 March 2015 (2014: nil).

24 Contingent Liability

In April 2014 the Authority was notified of a claim against it by a former tenant in respect of alleged breaches of the terms of a lease and duties under other laws and regulations.

The Authority disputes the claim and the Authority's legal advisors confirm that to date the claimant has shown no proper chain of causation linking an alleged loss with any act or omission by the Authority. Having regard to the above, the Authority's legal advisors are unable to give any reliable estimate of the potential financial effect.

25 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 2015 were as follows:

| | | | |
|-----------------------------|---|-------------------|--------------------|
| Jan Lloyd | Chief Executive Officer | Finance | |
| Clive Morton | Finance Director/Authority Secretary | Russell Scott | Finance Manager |
| Bob Marlow | Commercial Operations Director | Operations | |
| Helen Evans | Business Development & Support Director | Jo Breare | Facilities Manager |
| Chris Townend | Project Director | Colin Corderoy | Operations Manager |
| Business Development | | Property | |
| Beth Stephens | Project Liaison Manager | Michael Conran | Property Manager |

Statutory Committees Appendix II

Membership of the Committees at 31 March 2015 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 |
| 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 |
| Ian Leggat | Defra |
| A Sole | E A Williams (CG) 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 |
| Giovanni Lapi | Nature's Choice |
| Pam Lloyd | Pam Lloyd Associates |
| 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 | 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 | Paul Bishop |
| Clive Morton | Gary Marshall |
| Bob Marlow | Jason Tanner |
| Ian Taylor | Barry Porter |
| Ian Furness | Steve Pollard |





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