Covent Garden Market Authority

Report and Accounts for the accounting period from 1 April 2023 to 31 March 2024

LARGE TEXT VERSION

CGMA

63rd Report and Accounts 2023–24
LARGE TEXT VERSION

Report and Accounts for the accounting period from 1 April 2023 to 31 March 2024

Presented to Parliament pursuant to Section 46 of the Covent Garden Market Act, 1961

Covent Garden Market Authority
Food Exchange
New Covent Garden Market
London
SW8 5EL

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The Report and Accounts

Bankers

- Barclays Bank plc
  Leicester LE87 2BB
- Banco Bilbao Vizcaya Argentaria
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Independent Auditors

- MHA
  2 London Wall Place London EC2Y 5AU

Covent Garden Market Authority

Covent Garden Market Authority (CGMA) (the Authority) owns and runs New Covent Garden Market (NCGM) (the Market) and is accountable to the Department for Environment, Food and Rural Affairs (Defra). Its income is derived from the rents and service charges accrued by tenants leasing both trading and office space.

What we do

CGMA lets and manages the space at NCGM. Services provided include:

- Maintenance of buildings, plant and equipment
- Cleaning and waste management
- Energy supply
- Site security
- Traffic control

£4.3m Rental income (£4.2m 2022–23)

31 staff Employed by CGMA (30 staff 2022–23)

New Covent Garden Market Redevelopment

CGMA, in partnership with VINCI St. Modwen (VSM), is rebuilding New Covent Garden Market (NCGM) in a land for construction deal.

This is a long-term, complex project that will see the construction of new market buildings and facilities and allow NCGM to continue to feed and flower London for generations to come. At the end of March 2024, the redevelopment was 459 weeks into a 615-week programme and on schedule. Events subsequent to the year-end have resulted in some delay to the programme and as a result, the date of completion will be formalised as now being 633 weeks. Further details of this are set out at the end of this section.

The redevelopment of NCGM is providing modern facilities on a 38 acre site for the 168 small and medium sized companies based in the Market and the 2,000+ people they employ. The NCGM site is part of a wider transformation of Nine Elms, which is creating a new and exciting residential and business district.

NCGM is one of three iconic sites in the district of Nine Elms, sitting alongside Battersea Power Station and the American Embassy. The redeveloped NCGM site will be ideally placed to form a central part of a proposed new Food Quarter for London.

The redevelopment will release 19 acres of surplus land to facilitate a new, residential-led scheme, consisting of 2,973 homes, including 447 (15.1%) affordable homes, 12,624 sq ft of office space, and 8,994 sq ft of retail, leisure, and new community facilities, including shops, cafes, and restaurants.

The commercial and construction elements of the 11-year multi-phase programme will provide 2,000 further jobs. They have also contributed to the cost of the Northern Line extension and the new station at Nine Elms. The extension of the Northern Line and the opening of two new tube stations (Autumn 2021) means most people living and working in the area are within ten minutes walk of a tube station, and has improved access to the market for both the workforce and customers.

Progress to date

At the end of March 2024, the redevelopment was 459 weeks into a 615-week programme and on schedule. However, before the end of the financial year CGMA entered into a dispute resolution process with our Development Partner in relation to a specific aspect of the redevelopment work. This was resolved after the end of the financial year, in favour of CGMA, resulting in a practical solution to the underlying issue. A consequence of the dispute is that the date of completion of the redevelopment will be formalised as now being 633 weeks.

During the year ending 31 March 2024 the redevelopment project yielded the following milestones:

- Preparation for demolition of the part of the old Market required to facilitate the construction of Block B3 continued. It commenced in July 2024.

www.newcoventgardenmarket.com

Highlights

Covent Garden Market Authority’s Performance

Revenue from normal trading activity was £16.3m, £1.9m more than the £14.4m in 2022–23. The key driver for this was an increase in recoveries from tenants, which is offset by a corresponding increase in costs incurred due to the level of void that is required to be held by CGMA in order to achieve vacant possession. Cleaning and waste costs were higher due to an uplift in labour costs for the London Living Wage and increased volume of waste plus price increases. Revenue grant income has reduced by £0.3m due to the release of the Mission Kitchen grant.

CGMA’s Key Performance Indicators

Occupancy Rate: Total Trading Area

- As at 31 March 2024 occupancy of core trading space has increased to 91% (2022-23: 89%).
- Fruit and Vegetable Market increased to 90% (2022–23: 88%).
- Interim Flower Market increased to 100% (2022–23: 98%).
- The Food Exchange decreased to 93% (2022–23: 94%).

General Service Charge (GSC): £ per sq ft

The average GSC for the year was £17.15 per sq ft, after an average rebate of £0.42 from the initial expectation of £17.57 per sq ft. The increase in costs compared to £13.66 for the previous year was due to inflationary pressures, particularly on labour across several key cost categories.

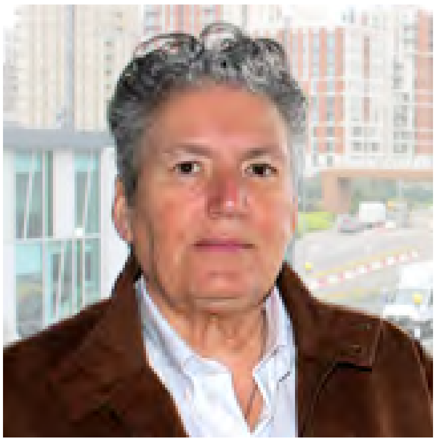
Key Events

The financial year ending 31 March 2024 saw the completion of construction of the third phase of the redevelopment project of the Fruit and Vegetable Market buildings with occupation expected shortly after the start of the next financial year. Construction will then commence on the fourth phase with occupation due within the 2025–26 financial year.

Occupation levels have increased indicating tentative recovery of trade and the value of the Market facility and its central London location for businesses to operate from. Taken in the context of the continuing challenges for the industry in supply chain, inflation and other operating costs, and in the associated hospitality sector this demonstrates the strength of offer the Market has both now and even more so when the redevelopment completes.

There is confident expectation that within the near future demand will remain stable, and will increase the closer we move to completion in 2027 when the construction will no longer act as a deterrent to potential occupants. Completion of the project is also expected to facilitate the diversification of tenant businesses on the Market to further cement our standing as a pivotal and integral part of London’s food and fresh produce solution.

Chair's Statement
Wanda Goldwag OBE



I joined Covent Garden Market Authority in early April 2024 and am therefore writing here about the year prior to me becoming Chair. I am delighted to have been appointed to this role and have been fully briefed on the period before my arrival.

I am extraordinarily grateful for the work of my Board and the CGMA team during a year without a permanent Chair. They have negotiated some difficult times in recent years and one hopes that the results for 2023–24 are a portent of calmer waters to come.

It was a positive, yet challenging year. The Market has increased its income significantly, while there has been notable progression of the redevelopment programme that has been central to the lives of everyone here for several years now. At the time of closure of these accounts, we were very close to completing phase 3 of the project. The tenants who moved into the buildings constructed during phase 2 of the rebuild have all successfully bedded in and although there were some cost challenges in the prevailing financial climate, the perception of the new facilities and the value they add to each business has been very positive. Phase 3 was completed by the beginning of the summer of 2024, creating a new section of Buyers' Walk. This will be followed for the remainder of the construction during phase 4 of the remainder of Buyers' Walk. All of the traditional wholesalers will be back together under one roof in early 2026.

Having already met many of the business leaders in this Market, I know we have a brilliant group of tenants here, who have risen to the challenge of continuing to go about their business while the Market is being redeveloped around them. I think the need to modernise the facilities is both fully understood and being met and believe that this will enable tenants to modernise their methods and retain their relevance and competitiveness in an extremely competitive marketplace.

I'm not one for looking back, for me the future is always more interesting. In the next 12 months, the Market will celebrate 50 years since it first relocated from WC2 and arrived in SW8. The incredible history and heritage is there for all to see. However, what drives me is the desire to see every tenant across New Covent Garden Market housed in the units they deserve as soon as is practically possible. Once we have achieved that, this Market will be able to fully utilise its status as the UK's leading wholesale market brand – a reputation built over centuries – and simultaneously boast with complete justification that it is the newest and best-equipped wholesale market in the country.

Wanda Goldwag OBE
Chair
13 March 2025

General Manager’s Statement
Jo Breare

In financial year 2023–24 CGMA achieved total revenue of £16.3m and an operating deficit of £0.78m after redevelopment activities. This represents a small increase on the previous year’s restated operating loss of £0.62m.

The revenue and profit of CGMA is, of course, impacted by the challenges faced by our tenants in an ultra-competitive marketplace, of which you can read more elsewhere in this report.

The continuing impact of COVID on working environments, such as the change to patterns of office attendance in Central London, and the sustainability of the fresh food and flower industries serviced by the majority of our tenants should also not be underestimated.

CGMA is constantly seeking to overcome the challenges thrown up by the new normal in this post-pandemic world and my entire team has made extensive efforts to manage both the operational and financial elements of our business more effectively. We have made significant progress and in what is still a difficult period economically, I am pleased to report that there are positive signs that we will return to operating profitability in the next financial year. Everything we do is designed to improve New Covent Garden Market and facilitate the operational requirements of our tenants. Our primary objective is to provide the platform that allows existing tenants to grow and attracts new tenants of all sizes who recognise the attraction of basing their business in an unmatchable location in one of the world's foremost capital cities.

At the beginning of 2024, the market was recognised by the National Association of British Market Authorities as Best British Wholesale Market. We are very proud that our peers in the retail and wholesale market sectors respect and admire what we represent here and the award is reward for both the tenants who are integral to the market's success and the work of CGMA towards building facilities that will enable New Covent Garden to retain its position as the country's pre-eminent bulk horticulture wholesale market for decades to come.

Jo Breare
General Manager
13 March 2025

New Covent Garden Market Trade

NCGM is London's original and finest fresh food and flower market – feeding and flowering the capital daily. It is the largest fruit, vegetable and flower wholesale market in the UK.

The 168 businesses here trade fruit, vegetables and flowers but also bakery, dairy, ice, drinks and gourmet ingredients.

168 Businesses (167 in 2022–23)

£893m Turnover (£888m in 2022–23)

Tenant Business Type	£million*	Number of businesses
Fruit and Vegetable Wholesalers	370	21
Fruit and Vegetable Wholesale Distributors	328	57
Flower Market	53	38
Other Food Companies	28	17
Importers	114	35
Total	**893**	**168**

*Figures show total annual turnover from tenants' financial statements, year ending 31 March 2024 in current prices and therefore include inflationary impact.

Governance Statement

Chair's Responsibilities

The Chair of the Authority is personally responsible for giving assurance to Defra's Principal Accounting Officer for safeguarding the public funds and assets for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those funds; and for the day-to-day operations and management of CGMA as a Public Corporation. In accordance with paragraph 3.1.2 of the government guidance document 'Managing Public Money' concerning how to handle public funds, the duties and standards of delivery normally associated with an Accounting Officer rest with the Chair.

In order to discharge this responsibility, the Chair ensures that CGMA maintains a sound system of risk management, governance, decision-making, financial management and internal control that supports the achievement of the Authority's policies, aims and objectives that are set out in the relevant government guidance. The relationship between the Authority and its sponsoring department, Defra, is set out in a Framework Document signed by both parties on 15 December 2020 and published on 18 January 2021. Wanda Goldwag was appointed as the new Chair of the Authority, with her term commencing on 2 April 2024, taking over from John Lelliott.

The Authority's Board

The Board of the Authority comprises the Chair and a maximum of seven other non-executive Members, appointed by the Secretary of State for the Department for Environment, Food and Rural Affairs (Defra), and including one member nominated by the Secretary of State for Transport. Their appointment is usually fixed for a period of between two and four years and their remuneration is set by the Secretary of State for Defra. Subject to performance, the Secretary of State may decide to reappoint Board Members without competitive selection. However, the Ministerial Governance Code on Public Appointments specifies that: 'there is a strong presumption that no individual should serve more than two terms or serve in any one post for more than ten years. In exceptional cases, Ministers may decide an individual's skills and expertise are needed beyond such a tenure'. 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 six times a year 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. There is an annual assessment of the

Board's performance and effectiveness.

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 'Nolan' principles of public life.

A register of Members' declared interests is maintained at the Authority's offices and is available for inspection on application in writing to the Chair. The following table sets out Members' attendance at Board and advisory committee meetings during financial year 2023–24.

	Board	**Audit and Risk**	**Remuneration**
Total number of meetings	10	4	3
John Lelliott	10/10	4/4	2/3
Victoria Wilson	10/10	-	3/3
Sarah Calcutt	8/10	-	2/3
Fiona Fell	9/10	4/4	-
David Fison	10/10	4/4	-

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee comprises three Members of the Board. Membership at the year-end consisted of John Lelliott (Chair), Fiona Fell and David Fison. Members of the Executive Team attend meetings as well as other appropriate Members of the Authority. The committee met four times during financial year 2023–24. The Chair of the committee provides a regular report to the Board concerning internal controls and risk management policies and procedures after each meeting.

The Committee is required to review internal accounting and financial procedures to ensure that these are satisfactory and to receive reports on the internal and external audit of CGMA's affairs. Both the internal and external auditors attend relevant committee meetings, providing reports to the committee on audit strategy, findings and recommendations. The external auditors also review financial reporting and significant accounting estimates.

The risk management matters that the committee considers include both corporate and project related risk registers maintained by CGMA, internal and external health and safety reports, fraud and whistleblowing matters.

Remuneration Committee

The Remuneration Committee comprises three Members of the Board. Membership at the end of financial year 2023–24 consisted of Victoria Wilson (Chair), John Lelliott and Sarah Calcutt.

The committee advises the Board on reward and recognition strategy and performance management; terms of employment; structure; resourcing and other HR matters.

Redevelopment Project Governance

During financial year 2023–24 work continued as noted in the section 'New Covent Garden Market Redevelopment' (page 2). In line with the Development Agreement, a Development Review Group meets monthly and includes representatives from VSM and CGMA. In addition, there are regular site meetings covering different aspects of the redevelopment on either a weekly or monthly basis.

During financial year 2023–24, the bi-weekly tenant liaison meetings regarding the redevelopment continued. These meetings play an important role in managing the challenges that arise in this unprecedented redevelopment of an active wholesale market site. CGMA does not underestimate these challenges and is grateful to the participants in the meetings for taking the time to help address them.

The Authority as a Going Concern

CGMA's Board is required to give an opinion as to whether there is a reasonable expectation that adequate resources exist for CGMA to continue in operational existence for the foreseeable future, being a minimum of 12 months from the date of signing of the Annual Report and Financial Statements. Any such view must take account of the need for substantial investment in the market's facilities, and the risks identified in the section 'Principal Risks and Uncertainties' (pages 26–31).

The Board has undertaken a rigorous process in respect of going concern. In forming a view that CGMA was a going concern as at the end of financial year 2023–24 and remains a going concern, the Board had regard to the following:

- CGMA's statutory powers to borrow and grant debentures, in the context of a largely unused statutory borrowing limit of £45m and the availability of unencumbered assets.
- CGMA's statutory power to dispose of or let land that is not required for the purposes of its statutory duties, to release funds to support compliance with those statutory duties (in accordance with s.18 of the Covent Garden Market Act 1961).
- The availability of qualifying expenditure to offset chargeable gains on previous disposals of surplus land.
- The contractual arrangements with VSM and their ability to complete the works. The contract with VSM provides the Authority with various forms of protection to mitigate the risk that VSM fail to fulfil their obligations to complete the redevelopment.

These include the use of a separate development account, a performance bond, parent company guarantees and step in rights.

- The requirement for the continued existence of CGMA as a public corporation pursuant to the Covent Garden Market Acts, and the fact that the Authority's statutory duties are, for financial purposes, confined to:
  - breaking even, taking one year with another; and
  - maintaining a reserve fund.
  - carrying out alterations or improvements as needed.
- The continuing impact of the financial support for CGMA provided by Defra in relation to the settlement of tenant litigation in 2020, in accordance with the terms and conditions contained in Defra's funding approval letter dated 12 August 2020.

The fair value gains which have impacted the Financial Statements for the year ending 31 March 2024 primarily replaced our view to consider the buildings and their ability to function and generate income over a future period. A 30 year building lifespan was assumed for this purpose and enhances our ability to operate as a going concern.

It is therefore the opinion of the Board that there is reasonable assurance that it has adequate resources to continue in operational existence for the foreseeable future taking into account the financial support offered by Defra.

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 CGMA'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 was in place throughout the financial year 2023–24 and has remained in place continuously up to the date of approval of the Report and Accounts, and it accords with HM Treasury guidance (Managing Public Money).

The Authority's internal auditors operate in accordance with recognised internal auditing standards. They submit regular reports which include an independent opinion on the adequacy and effectiveness of CGMA's system of internal control in respect of the areas covered by that review, together with recommendations for improvement. Control issues were identified by the internal auditors and further actions are in progress to embed the improvements.

Risk Management

The risk management process within CGMA 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 Executive team reviews risk on a regular basis both at an operational and strategic level. The principal risks and uncertainties facing the Authority are reviewed at each Audit and Risk Committee meeting and reports are made to the CGMA Board, and are summarised below as to their impact over the reporting period.

Principal Risks and Uncertainties

The Authority considers that the principal risks and uncertainties facing its business and strategy are as follows, noting that changes in impact and likelihood are assessed as at the date of approval of the Annual Report and Accounts, as compared to the end of the financial year 2022–23:

Risk	Principal mitigations	Change in impact compared to financial year 2022–23	Change in likelihood compared to financial year 2022–23
Pressures on the workforce Workforce fatigue and resourcing continued to present challenges. The July 2023 restructure of the management team has improved operational efficiency, but challenges remain in CGMA's finance function, where employee turnover has been higher than expected.	CGMA encourages adaptability and cross-team collaboration. Where budgets allow, external contractors and temporary employees are brought in to bolster particular areas of concern. CGMA invests – where possible – in HR initiatives to foster a positive working environment.	↔	↑

Reputation and confidence There remains a risk to CGMA's reputation and the confidence of the tenants and other stakeholders in them as landlord should the project not be delivered to the agreed plan or if the quality of execution affects the market operation. In addition, the current challenges within CGMA's finance function risk undermining stakeholder trust in CGMA's ability to perform its statutory duties.	Constructive dialogue with key stakeholders remains crucial, and has continued throughout the reporting period despite the challenges noted here. CGMA has prioritised recovery of the finance function and brought in additional expertise to support this.	↑	↑

Risk	Principal mitigations	Change in impact compared to financial year 2022–23	Change in likelihood compared to financial year 2022–23
Cash flow			
Costs associated with resolving disputes with the developer resulted in cash flow challenges for CGMA that were largely resolved during the reporting period. Inflationary impact on expenditure on market enhancements in relation to the redevelopment resulting in CGMA funding from operational cash flows. Systemic issues affecting the Finance IT system continued to hamper CGMA's ability to recover costs incurred in relation to utilities and waste disposal.	CGMA continues to benefit from grant-in-aid funding from Defra. CGMA is pursuing cost saving and income generating initiatives to ensure performance of its statutory duties and limit its reliance on the Defra grant funding as far as possible. CGMA reports to Defra on these initiatives on a quarterly basis. See below for mitigation of the system implementation risk.	↔	↔

Development partner relations

CGMA's relationship with its Development Partner VSM has remained broadly positive during the reporting period, despite the challenges associated with a dispute resolution process between these parties, which concluded in June 2024 and resulted in a practical resolution of the underlying issue.

Inherent tensions persist between the commercial priorities of the Development Partner and the statutory duties of CGMA, exacerbated recently by above average construction cost inflation and a programme delay arising from the dispute resolution process.

CGMA maintains a constructive dialogue with the Development Partner, with regular meetings. This continued throughout the dispute resolution process.

Risk	Principal mitigations	Change in impact compared to financial year 2022–23	Change in likelihood compared to financial year 2022–23
Core systems replacement Interfacing problems with the Finance IT system's property management module continued to inhibit timely invoicing of service costs incurred, such as utilities and waste collection charges.	CGMA has been working closely with a new Systems Implementation Partner and a third-party consultant to work through the residual issues. Manual invoice generation has been used where necessary to help mitigate the invoicing delays. These mitigations are ongoing, and remain the same as recorded in the Principal Risks and Uncertainties in the Report and Accounts for 2022–23.		

Future revenue streams and tenant business resilience Risks to CGMA's revenue from rent and service charges arising from a perceived lack of long-term resilience in some tenant business models.	CGMA is considering options to maximise diversity of tenant businesses within the confines of our statutory duties, and looking to identify investment opportunities such as solar projects, and potential external partners to support delivery.		

Disclosure of Information to the Auditor

In the case of each person who was a Board Member at the time this report was approved:

- so far as that Board Member was aware there was no relevant audit information of which the Authority's auditor was unaware; and
- that Board Member had taken all steps that the Board Member ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish the Authority's auditor was aware of that information.

Jo Breare
General Manager,
Covent Garden Market Authority,
13 March 2025

Foreword to the Accounts

History, Statutory Background and Principal Activities

CGMA 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.

CGMA 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 market moved to the current site in 1974 and currently comprised of 168 tenant businesses, of which the majority are wholesale and distributive tenants in the horticultural sector. There are a number of other tenants, including importers and firms supplying foodstuffs and catering and other services.

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 land at Nine Elms is vested in the Authority together with a leasehold interest until 2073 from Network Rail over the area beneath the railway viaduct crossing the site. The site is currently undergoing a complete redevelopment to create a renewed market estate.

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 a RICS-compliant service charge which is reviewed annually in line with costs and takes into consideration the advice of tenant representatives. The provision of services is through commercial contracts placed with specialist suppliers.

Business Review

The Authority's performance for the financial year 2023–24 has resulted in an operating loss of £0.78m (2022–23 loss of £0.62m). Whilst income increased by £1.5m, it is offset by increased costs of £1.8m.

The key variances are as follows:

- Tenant recoveries increased by £1.4m to £8.9m (2022–23: £7.5m), largely due to the increase in costs recovered through the service charge. Occupancy rates remained broadly stable.
- Commercial vehicle charges increased by £0.3m to £1.3m (2022–23: £1m). The majority of this was due to increased Tag entry income.
- Revenue grant has decreased by £0.3m to £0.1m, as it reflects the release of the Mission Kitchen grant only.
- A major electrical repair of the Busbar equipment increased the maintenance, repairs and renewals to £1.4m (2022–23: £0.9m). Cleaning costs increased due to the uplift in the London Living Wage, and waste disposal costs increased per ton as did the volumes processed.
- The unit rate for electricity increased resulting in a total cost for 2023–24 of £2.5m (2022–23: £2m). An uplift in income from tenants for service charges offsets the majority of these costs but there is corresponding increase in costs incurred

by CGMA due to the level of void that is required to be held in order to achieve vacant possession.

- The profit for the financial year 2023-24 after tax and change in fair value is £5.3m (2022–23: loss of £21.0m).

Pension Fund

The deficit relating to the defined benefit pension plan increased to a surplus by £0.3m to £0.08m (financial year 2022–23: £0.2m deficit). The Authority paid £0.2m of additional employer contributions to the Pension Fund designed to eradicate the deficit. Pension liabilities have reduced significantly during the year to £2.8m from £3.0m in the previous financial year. This was due to actuarial gains resulting from an increased discount rate assumption of 4.9% (2022–23: 4.8%).

Net Cash Flow

The level of cash and cash equivalents for the financial year increased by £15.4m to £41.8m (2022–23: £26.4m).

This increase was attributable to the following factors:

- A net cash inflow relating to operating activities of £26.7m (2022–23: £7.6m).
- A net cash outflow relating to investment in capital expenditure of £11.3m (2022–23: £11.4m).

The total figure as at 31 March 2024 of £41.8m includes:

- £35.4m in respect of monies held for the progression of the development works, however their release is conditional on the terms in the Development Agreement being met.
- £2.1m (2022–23: £1.7m) in respect of monies held on behalf of tenants.
- £3.5m (2022–23: £3.6m) operating cash.

Capital Expenditure and Fixed Assets

Capital expenditure on property, plant and equipment during the financial year totalled £0.2m (2022–23: £0.1m). This related primarily to the refurbishment of offices.

Property, which is held as an investment property and measured at fair value, increased during the year by £15.6m to £87.3m (2022–23: £71.7m). There was £11.4m of capital expenditure and £4.2m of fair value gain.

Key Performance Indicators

Operational key performance indicators (KPI) are included in the Highlights on page 5. Additionally, the Authority also monitors profitability, rental income, monthly cash flows and the delivery of the redevelopment project.

Financial Risk Management

Financial Risk Management details of the Authority's financial instruments and its policies relating to financial risk management are given in note 18 to the Accounts.

Dividends

The Authority paid no dividends during the financial year (2022–23: £nil) (see note 17).

Political and Charitable Donations

The Authority does not make political donations. During the financial year three charitable donations of £1,615 were made, with the largest (£1,000) to Oracle Cancer Trust (2022–23: £1,000).

Business Prospects

The redevelopment of NCGM is progressing steadily, with 76.1% of the project completed as of 31 March 2024. This transformation is enhancing the market's facilities, combined with its prime location, ensuring NCGM continues to serve as a pivotal hub for fresh produce and food-service supply. The redevelopment is now due for completion in Q4 2027, ensuring NCGM retains its status as a leading horticultural wholesale market in modern, future fit and flexible premises.

Sustainability remains central to the CGMA's strategy. Improvements such as solar energy projects are being considered that are aimed at enhancing environmental performance to not only bolster CGMA's reputation but also improve operational efficiency.

In the Fruit and Vegetable Market, occupancy of core trading space increased to 90% at the end of financial year 2023–24 (2022–23: 88%). Trading challenges have continued with CGMA remaining committed to working collaboratively with our tenant community during this period.

The hospitality industry from where a majority of NCGM tenants' business is sourced has faced significant challenges, including rising operational costs, labour shortages and changes in patterns of use by consumers in Central London. Despite these hurdles, there has been a slight increase in the number of licensed premises in the capital, indicating a cautious optimism within the sector as inflation has lowered and costs have stabilised.

Occupancy in the Flower Market increased to 100% (2022–23: 98%), which, taken in the context of the challenges for the event and floristry industry, is very positive.

The Food Exchange's occupancy was 93% at financial year-end (compared to 94% in 2022–23). The change in office attendance patterns in Central London post COVID-19 has contributed to a drop in enquires for spaces. CGMA's ambition is to attract those businesses in larger offices elsewhere to bridge this gap.

Mission Kitchen's membership remained strong throughout the year with a number of its members expanding and taking on additional space. Maintaining 100% occupancy of the lettable space across the whole Market remains unachievable due to the requirement to migrate legacy tenants in order to facilitate CGMA's duty to provide vacant possession milestones for each of the project phases. On completion of the project, expectations are that business interest and therefore occupancy will be high due to the standard of the facilities on offer and the value of the location for the supply and distribution of fresh produce.

The year 2024–25 marks a significant milestone for New Covent Garden Market (NCGM) as it celebrates 50 years of trading. This momentous occasion provides an opportunity to reflect on our rich history while focusing on the future and the completion of the new Market redevelopment.

Despite ongoing challenges and economic uncertainties, the Authority remains confident in the Market's vibrant and prosperous future. CGMA's optimism is grounded in the resilience of our tenants, the strength of our community, and the critical role NCGM plays in sustaining London and the South-East's fresh produce and flower supply chains.

CGMA continues to chart a robust and forward-thinking course for the Market. CGMA's commitment to ensuring the Market thrives is unwavering. CGMA firmly believes that NCGM and its tenants are more vital to London and the South East than ever in supplying and delivering fresh, high-quality produce and flowers to meet the demands of our dynamic region. Together, we look forward to building on our legacy and embracing the opportunities of the future.

Authority Board Members' Responsibilities

As required by the Covent Garden Market Acts 1961–77 and the Direction given by the Secretary of State for the Department for Environment, Food and Rural Affairs in respect of the annual accounts, CGMA must prepare accounts in accordance with the Covent Garden Market Acts 1961–77. As a result, the Authority Board Members prepare financial statements for the financial year which must give a true and fair view of the state of affairs of CGMA as stated at the end of the year and of the profit or loss for the trading year.

In preparing the financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements and they have complied with the requirements of the Covent Garden Market Acts;
- assess the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

- use the going concern basis of accounting unless they either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

CGMA's Board 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 Acts.

In addition, CGMA's Board 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. CGMA'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 CGMA's Board.

CGMA's Board Members agree strategic objectives and approve policies for the organisation and monitor the performance of executive management. As part of this role, they ensure that the Authority has appropriate policies in place relating to risk management, health and safety and corporate governance. They also ensure that adequate succession planning and remuneration arrangements are in place.

CGMA’s Board Members are responsible for the maintenance and integrity of the corporate and financial information included on CGMA’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

5 Year Summary of Financial Statements

	2019–20 £'000	2020–21 £'000	2021–22 £'000	2022–23 £'000	2023–24 £'000
		Restated	Restated		
Gross income including finance income	17,489	14,720	15,907	15,875	17,366
Gross expenditure including depreciation and finance costs	(17,739)	(15,638)	(14,269)	(15,978)	(17,756)
(DeficIt)/ surplus before redevelopment activity	**(249)**	**(9l8)**	**1,638**	**(103)**	**(390)**
Disposal of assets	77	-	-	5	2,649
Redevelopment project costs not capitalised	(2,371)	(2,587)	4	(244)	(53)
Change in Fair Value (loss)/gain	4,083	16,883	6,298	(19,962)	4,154
(Deficit)/surplus before taxation	**1,539**	**13,378**	**7,940**	**(20,304)**	**6,360**
Corporation tax & deferred tax	(2,030)	(2,513)	(2,295)	(680)	(1,050)
Net profit (loss) after accounting for tax	**(491)**	**10,865**	**5,645**	**(20,984)**	**5,310**
Capital & reserves	**86,630**	**86,931**	**92,333**	**72,448**	**78,230**

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

for the year ended 31 March 2024

Opinion

We have audited the financial statements of Covent Garden Market Authority (the ‘Authority’) for the year ended 31 March 2024 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards (‘IFRS’).

In our opinion the financial statements:
- give a true and fair view of the state of the Authority’s affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been prepared in accordance with the requirements of the Covent Garden Market Acts 1961–77 and the accounts direction given by the secretary of state for the Department for

Environment, Food and Rural Affairs ('Defra') in respect of the Annual Accounts for 2023–24.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Emphasis of matter – Financial support

We draw attention to note 1.a of the financial statements, which describes the Authority's reliance on financial support committed by Defra. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we have not identified material misstatements in the Chair's Statement or the Governance Statement. We have nothing to report in respect of the Governance Statement not reflecting compliance with HM Treasury's guidance.

We have nothing to report in respect of the following matters where the compliance with the Companies Act 2006 as if that Act had applied to the entity requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

As explained more fully in the Authority Board Members' Responsibilities statement on page 42, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intends to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims;

- Enquiry of entity staff in tax and compliance functions to identify any instances of noncompliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation

  to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or noncompliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of noncompliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of our report

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 1961–77 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rajeev Shaunak FCA

Rajeev Shaunak FCA
Registered Auditor
13 March 2025

For and behalf of MHA London, United Kingdom
MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Income Statement

for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Revenue	2	16,286	14,379
Grant income	1.k	154	490
Government cost of capital subsidy	1.m	580	680
Total Income		**17,020**	**15,549**
Operating expenditure			
Operating costs (excluding staff costs)	3	(13,468)	(11,553)
Board members and staff costs	7	(2,164)	(2,080)
Impairment (loss)/gain on trade receivable and contract assets	11	30	(37)
Depreciation	9	(117)	(228)
Government cost of capital charge	1.m	(2,030)	(2,030)
		(17,749)	(15,928)
Operating (loss)/profit (before redevelopment activity)		(729)	(379)
Redevelopment project costs		(53)	(244)
Operating loss (after redevelopment activity)		(782)	(623)
Gain on sale of assets		2,649	5
Change in Fair Value gain/(loss)		4,154	(19,962)

Operating (loss)/profit (before financing)		6,021	(20,580)
Finance income	4	346	326
Finance costs		(7)	(50)
Profit/(loss) before taxation		6,360	(20,304)
Taxation	8	(1,050)	(680)
Profit/(loss) for financial year		5,310	(20,984)

The above Income Statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Profit/(loss) for the financial year		5,310	(20,984)
Other comprehensive income for the year			
Actuarial profit on defined benefit pension plan	13	125	1,512
Income tax associated with actuarial loss on pension liability	14	347	(413)
		427	1,099
Total comprehensive income for the year		5,782	(19,885)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 31 March 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	9	978	849
Investment Property	10	87,262	71,699
Trade and Other receivables	11	6,005	1,239
Employee retirement benefit surplus	13	81	-
Total non~current assets		94,326	73,787
Current assets			
Trade and Other receivables	11	5,750	7,466
Cash and cash equivalents	12	41,823	26,398
Total current assets		47,573	33,864
Total assets		141,899	107,651
Equity and Liabilities			
Equity			
Reserve fund	1.g	400	400
Retained earnings	1.h	77,830	72,048
Total Equity		78,230	72,448
Non-current liabilities			
Deferred tax liabilities	14	4,505	4,003
Provisions	16	10,271	293
Employee retirement benefit obligations	13	-	232
Total non~current liabilities		14,776	4,528

Current liabilities			
Trade and other payables	15	42,307	25,168
Provisions	16	4,510	3,631
Current tax liabilities		2,076	1,876
Total current liabilities		48,893	30,675
Total liabilities		63,669	35,203
Total equity and liabilities		141,899	107,651

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

The Accounts were approved by the Authority's Board and were signed on its behalf on 26 February 2025 by:

Jo Breare
General Manager

Fiona Fell
Interim Chair of Audit, Risk and Assurance Committee

Statement of Changes in Equity

for the year ended 31 March 2024

	Non-distributable	Distributable		
	Reserve fund £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2022	400	4,644	87,289	92,333
Loss for the year	-	(19,962)	(1,022)	(20,984)
Other comprehensive income	-	-	1,099	1,099
Total comprehensive income for the year	-	(19,962)	77	(19,885)
Balance at 31 March 2023	400	(15,318)	87,366	72,448
Profit for the year	-	4,154	1,156	5,310
Other comprehensive income	-	-	472	472
Total comprehensive income for the year	-	4,154	1,628	5,782
Balance at 31 March 2024	400	(11,164)	88,994	78,230

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

As per the Covent Garden Market Acts l961–77, 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 and is non-distributable.

Retained earnings comprises of both distributable, £89.0m (2022–23: £87.4m), and non-distributable, (£11.2m) (2022–23 restated: (£15.3m) balances). The non-distributable balances represent the losses from changes in fair value on investment property.

Statement of Cash Flows

for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit/(loss) before taxation		6,360	(20,304)
Net finance income	4	(346)	(326)
Net finance costs		7	50
Operating Profit/(loss)		6,021	(20,580)
Total depreciation charge	9	117	228
Net employer contribution after administration cost		(188)	(145)
(Gain)/loss on fair value (Investment property)	10	(4,154)	19,962
Reversal of impairment provision on trade receivable	11	(392)	(228)
		1,404	(763)
(Increase)/decrease in trade and other receivables excl. impairment provision		(2,658)	7,716
Increase in trade and other payables inc. provision		27,991	327
Cash generated from operating activities		26,737	7,280
Income taxes refund		-	356
Net cash from operating activities		26,737	7,636

Cash flows from investing activities			
Interest received		346	326
Purchase of property, plant and equipment	9	(242)	(61)
Addition to investment property under construction	10	(11,409)	(11,620)
Net cash used in investing activities		(11,305)	(11,355)
Cash flows from financing activities			
Interest costs on pension		(7)	(50)
Net cash flows from financing activities		(7)	(50)
Net increase/(decrease) in cash and cash equivalents		15,425	(3,769)
Cash and cash equivalents at beginning of year	12	26,398	30,167
Cash and cash equivalents at end of year		41,823	26,398

Notes to the Accounts for the year ended 31 March 2024

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 adopted by the UK with the approval of HM 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.

The Accounts for 2023–24 have been prepared in accordance with the Direction provided by Defra and the legislative requirements of the Covent Garden Market Act 1961 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 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 appointed unless they are a member of one or more of the following bodies:

- The Institute of Chartered Accountants in England and 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 them 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.

Basis of measurement

The financial statements have been prepared under the historical cost convention except for, where disclosed in the accounting policies, certain items shown at fair value.

- Investment property – measured at fair value
- Defined benefit pension plans – plan assets measured at fair value

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, being a minimum of 12 months from the date of signing of the Auditor's Report. Any such view must take account of the need for substantial investment in the Market's facilities, and the risks identified in the section 'Principal Risks and Uncertainties' in the Governance Statement on page 26.

The Board has undertaken a rigorous process in respect of going concern. In forming a view, that the Authority remains a going concern, the Board had regard to the following:

- The Authority's statutory powers to borrow and grant debentures, in the context of a largely unused statutory borrowing limit of £45m and the availability of unencumbered assets.
- The Authority's statutory power to dispose of or let land that is not required for the purposes of

its statutory duties, to release funds to support compliance with those statutory duties (in accordance with s.18 of the Covent Garden Market Act 1961).

- The availability of qualifying expenditure to offset chargeable gains on previous disposals of surplus land.
- The contractual arrangements with VSM and their ability to complete the works. The contract with VSM provides the Authority with various forms of protection to mitigate the risk that VSM fail to fulfil their obligations to complete the redevelopment. These include the use of a separate development account, a performance bond, parent company guarantees and step in rights.
- Projected cash flows and associated forecast financial statements taken from the updated projections in the Long-Term Business Plan, which covers the remaining period of the redevelopment to 2027 and extends further out to the end of the 2030–31 financial year.
- The requirement for the continued existence of the Authority as a public corporation pursuant to the Covent Garden Market Acts, and the fact that the Authority's statutory duties are, for financial purposes, confined to:
  - breaking even, taking one year with another; and
  - building up a surplus for reinvestment for the benefit of the Market.

- The continuing impact of the confirmed external financial support for CGMA forthcoming from Defra in relation to the settlement of the tenant litigation in 2020, in accordance with the funding approval letter issued to the Board of CGMA and dated 12 August 2020.

The fair value gains which impact the financial statements primarily reflect the view to consider the buildings and their ability to function and generate income over a future period. A 30-year building lifespan was assumed for this purpose and enhances our ability to operate as a going concern.

The assessment shows that the Authority remains a going concern.

The Board believes the scenarios modelled are prudent and, taking into account support offered by Defra, is therefore of the opinion that there is reasonable assurance that it has adequate resources to continue in operational existence for the foreseeable future.

b. Critical accounting judgements and key sources of estimation uncertainty

The preparation of accounts in conformity with IFRS 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 estimation given judgements are provided below.

i. Recoverability of trade and other receivables

The trade and other receivables balances in the Authority's statement of financial position relate to numerous customers with small individual balances. A provision for impairment of trade receivables is established using an expected loss model. Expected loss is calculated from a provision matrix based on expected lifetime default rates and estimates of loss on default. The carrying amount of the Authority's trade receivables in these accounts, net of provisions, is £2.884m (2022–23 restated: £3.978m).

All individual other receivables balances are reviewed on a quarterly 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 other receivables in these accounts, net of provisions, is £0.997m (2022–23: £0.008m).

ii. Lease incentives discount term

Rent-free periods are offered on some leases, these are recognised as lease incentives and discounted over the period to the first break period or a subsequent period if management judge that it is not probable that an earlier break point will be exercised. Management review each lease where an incentive is offered and consider the probability of the tenant exercising their right to break at each break point in the lease. The discount period being that duration that is considered most probable by management.

iii. 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 1.i and 13 for further details.

The main areas of judgement are provided below.

iv. Provision for taxation

In providing for tax due, the Authority has made judgements regarding the availability of certain deductions for tax purposes. The key area of judgement relates to the Authority's application for rollover relief on the sale of the Northern Site. There is still uncertainty whether HMRC will agree that the Authority has reinvested the remainder of the chargeable gains from the sale of the Northern Site. A provision of £1.9m is still being recognised, representing the potential tax impact should rollover relief not be fully available.

v. Classification of Investment Property

The Authority recognises property that generates income from rent and service charge as investment property. The new market assets during the construction phase are recognised as investment property under construction and as the market buildings are completed and handed over to the Authority from the developer for use they are transferred to Investment Property Land and Buildings. As investment property they are held at fair value with any fair value gains or losses being taken to the Income Statement. Land, plant, machinery and equipment that is integral to these investment properties are recognised within the fair value of the property and not recognised separately.

The Authority operates from within one of the buildings recognised as investment property. As the portion of the building cannot be sold separately and comprises only 6% of the total lettable square foot of the building, it has been included within Investment Property.

Existing Market buildings (which have not been constructed as part of the redevelopment project) are held as Property, Plant and Equipment, with the majority having a carrying value of zero, are scheduled for demolition as part of the redevelopment project.

vi. Valuation attributable to the redeveloped market

The fair value of the market was valued externally by Gerald Eve based upon a discounted thirty-year cash-flow model incorporating a terminal value. The valuation has been performed in accordance with the Valuation Practice Statements and Practice Guidance contained in the Valuation – Professional Standards, incorporating the International Valuation Standards of the Royal Institute of Chartered Surveyors. The valuation was completed on the basis of assumptions: (i) the market buildings are completed to the development specification and the market is operating as a trading entity; and (ii) the valuation was carried out on the basis of existing use, which is that of a bulk horticultural market as per the obligations under the Covent Garden Market Acts. Gerald Eve have updated their valuation as at 31 March 2024 to take into account any adjustments to income and cost expectations anticipated.

The value of the construction in progress is based on the fair value of the completed market, less property capitalised to date, less an estimate of the total actual costs to complete and a reasonable profit margin. The estimate of the total actual costs to complete the development with a reasonable profit margin is provided by our Development Partner. The judgement and estimate relates to the accuracy of the overall projected total costs and the stage of completion.

When measuring the fair value of an asset the Authority uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 10.

c. New Standards and Interpretations

New and amended adopted standards

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

Not yet adopted

- Classification of Liabilities as Current or Non-current and Non-current liabilities
  with covenants – Amendments to IAS 1
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- Amendments to IAS 21 – Lack of Exchangeability
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- IFRS 18 Presentation and Disclosure in Financial Statements

d.Property, plant and equipment

i. Properties

The original freehold and leasehold buildings are depreciated on a straight-line basis from 1 April 2003, reflecting the remaining useful life of the buildings of between 3 and 20 years. The newly constructed market assets are recognised as investment property (see note 1.b.v and vi). Land and plant and equipment that is integral to the newly constructed buildings are included within the investment property values. Land held as plant, property and equipment is not depreciated.

ii. IFRS 16 Lease as lessor

The Authority leases out its investment property. The Authority has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The income related to these properties are reorganised on a straight-line basis over the lease period. The Authority considers these assets to have 30 years of useful lives. Note 19 sets out information about the operating leases of investment property.

iii. Plant and equipment

Plant, equipment and motor vehicles are stated at cost less accumulated depreciation and impairment. These assets are depreciated on a straight-line basis over five years.

e. Impairment of non-financial 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 pretax 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 immediately.

f. Profit or loss on disposal of assets

Profit or loss on disposal of assets is calculated as the proceeds, less carrying amount and selling costs. In the case of the land options within the redevelopment agreement, the proceeds comprise of cash received, and entitlement to additional allowances under the development agreement. Profit or loss on disposal of assets also includes any overage amounts due in relation to the asset sold, provided the conditions for receipt have been met and it is probable that amounts will be received.

g. 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).

h. Retained earnings

Represents the cumulative profits and losses less distributions to Defra and transfers to Reserve fund. A proportion of retained earnings is from Fair Value Gains and is not distributable. Further detail is included in the Statement of Changes in Equity.

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 loss. Interest on the scheme liabilities net of the interest 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. Grants

Revenue grants are not recognised until there is reasonable assurance that the Authority will comply with the performance conditions attaching to them and that the grants will be received. These grants are recognised in the Income Statement on a systematic basis over the periods in which the Authority recognises as expenses the related costs for which the grants are intended to compensate.

Government grant funding received from Defra to enable CGMA to meet the terms of the tenant settlement is repayable in the form of future distributions to be made by the Authority to Defra at a time when the Authority is capable of doing so. There are no agreed repayment terms and no requirement to pay if the Authority's income does not recover within the development timetable. Amounts are recognised in the Income Statement in line with related expenditure.

l. Revenue

Revenue is measured at the transaction price received or receivable allocated to the performance obligation satisfied and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. As the expected period between transfer of a promised good or service and payment from the customer is one year or less then no adjustment for a financing component has been made.

Sales of goods are recognised when goods are delivered and control has passed. Revenue arising from the provision of services is recognised when and to the extent that the customer simultaneously receives and consumes the benefits of the Authority's performance.

IFRS 15 Revenue from Contracts is applicable to all the Authority's revenue streams but excludes rental income. This income is generated from tenant leases and is outside of the scope of the new standard. The individual accounting policies for each major income stream are as follows:

i. Rent, sales of services and other income

Rental income comprises rents, management fees, recoveries from tenants for costs per the terms of the service charge regime, vehicle access charges, income from the Sunday Market operation and other miscellaneous sources such as costs reimbursed and advertising revenue.

Rent is received quarterly in advance, monthly in advance, and monthly in arrears, depending on the letting arrangement, and recognised in the period to which it relates over the course of the lease and at a level determined per a rent review exercise conducted every five years in accordance with lease contracts.

Rent-free periods are offered on some lease arrangements and recognised as a lease incentive and discounted over the period to the first break option, or to subsequent break date if management judge it is not probable for the tenant to exercise their right of break earlier. The value of the discount is the total of the rent foregone. The discount period is the duration from the commencement of the rent-free period to the most probable break date. For new tenants, this will be the first break date in the lease contract. The discount value is recognised evenly over the period of the contract to the probable break date.

Service charges are recognised in the period to which they relate at a level determined per an annual forward budgeting exercise, with an additional surcharge or rebate provided to tenants at the financial year end based on actual costs incurred.

Electricity and Waste disposal charges are recognised in the period to which they relate. Charges for certain types of waste and electricity are recognised based on actual activity from tenants and costs incurred from electricity and waste disposal providers. Other types of electricity and waste costs are managed within the service charge regime described above.

Vehicle access charges are recognised in the period to which they relate. These are charged on either an annual fee (permit access) or activity (casual entries to the NCGM estate) and according to charges revised annually by the Authority.

Revenue relating to the Sunday Market is recognised in the period to which it relates based on actual activity in accordance with the contract in place with Saunders Markets Limited.

Recharges of certain costs associated with the redevelopment project are recognised in the period to which it relates based on costs incurred.

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.
Interest income on the cash held for the progression

of the development works (note 1.l.iv) does not belong to the Authority and is recognised as a liability and due to the developer on completion of the development.

Interest income is recognised within finance income and finance costs in the Statement of Income using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Authority estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

iii. Loans and Receivables

Trade Receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 9, as the contracts of the Authority do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss. Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short-term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

iv. Cash and cash equivalents

Included within cash and cash equivalents is a balance which comprises bank accounts controlled by the Authority but for which there is no beneficial interest. The monies are held for the progression of the development works, however, their release is conditional on the conditions in the Development Agreement being met. The Authority has recognised a liability to reflect the nature of this arrangement (see note 18 for further information).

v. 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.

m. Cost of capital

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 2023–24 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.

n. Provisions and reimbursement asset

i. Provisions

Provisions are recognised when the Authority has a present obligation as a result of a past event, and it is probable that the Authority will be required to settle that obligation. Provisions are measured at the Board's best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date and are discounted to present value where the effect is material.

ii. Reimbursement asset

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Authority settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

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. Fifty-one purchase days (2022–23: thirty-three) 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 framework 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 redevelopment project including directly attributable, legal, staff, admin and advisory fees.

r. Breaking even

The Authority has a statutory obligation under the Acts to "to secure that their revenues are not less than sufficient to meet all sums properly chargeable to revenue account, taking one year with another". Management have judged this to mean the Authority must not make an operating loss after redevelopment activity on a continual basis.

2. Revenue

	2024 £'000	2023 £'000
Income from tenants		
Rents	4,329	4,169
Recoveries from tenants	8,966	7,544
Other revenue		
Commercial vehicle charges	1,296	1,041
Car and coach parking charges	299	283
Sunday Market	866	771
Miscellaneous receipts	530	571
	16,286	14,379

3. Operating costs (excluding staff costs)

	2024 £'000	2023 £'000
Market security	1,541	1,452
Rates	507	965
Maintenance, repairs and renewals	1,447	948
Cleaning and waste	4,670	3,472
Heat, light and power	2,477	2,022
Insurance	725	728
Printing, stationery and telephone	45	60
Professional fees	973	976
Publicity	128	109
Sunday Market operating costs	579	532
IT costs	219	142
General expenses	141	131
Pension costs	16	16
	13,468	11,553

4. Finance income

	2024 £'000	2023 £'000
Bank interest receivable:		
On market activity	90	22
Finance income - other:		
On redevelopment activity	256	304
	346	326

Finance income on redevelopment activities relates to the interest the developer is obliged to pay the Authority on any undrawn funds

5. Operating (loss)/profit for the year is stated after charging

	Note	2024 £'000	2023 £'000
Staff costs	7	2,164	2,080
Depreciation of property, plant and equipment	9	117	228
		2,281	2,308

6. Auditor's remuneration

	2024 £'000	2023 £'000
Fees payable to the Authority's auditor for the audit of the Authority's annual accounts	175	289

Fees payable to the Authority auditor for other services:		
Relating to Taxation	20	21
Relating to other services	21	29
Fees payable to the Authority's auditor in respect of associated pension schemes	6	0
	47	50

7. Members and staff costs

The Members of the Authority during the year were: Mr J Lelliott OBE (Chair to March 2024), Mr D Fison, Ms S Calcutt, Mrs F Fell, Mrs V Wilson.

John Lelliot was the highest paid member during the year.

During the year the Board's emoluments were as follows:

	2024	2023
	£	£
John Lelliot (Interim Chair from 1.2.22)	43,646	42,710
David Frankish (left 18.11.22)	-	30,627
David Fison	20,048	20,118
Sarah Calcutt	20,048	49,386
Fiona Fell	21,411	21,165
Victoria Wilson	24,118	22,294
Sara Turnbull (last Board on 30.3.23)	-	20,118
	129,271	**206,418**

At the end of March 2024, John Lelliot stepped down as Interim Chair from the Authority Board. The recruitment of a permanent chair was completed in March 2024 with the appointment by Defra of Wanda Goldwag, who started her tenure as Chair of CGMA on 2 April 2024.

In addition, Members are reimbursed for expenses incurred in fulfilling their duties. During the year, John Lelliott was paid £442 in respect of reimbursed expenses mainly relating to home to work (2022–23: £994).

Member's other emoluments were in the following ranges:

	2024 £	2023 £
£0–20,000	5	7
£20,001–25,000	-	-

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

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

	2024	2023
Administration	31	30
	31	30

Staff costs for the above persons were:

	2024 £'000	2023 £'000
Board Members - aggregate emoluments	129	206
Wages and salaries	2,130	1,723
Social security costs	117	219
Pension service costs	147	233
Total Payroll Cost	**2,523**	**2,381**
Less amounts capitalised during the year	(359)	(301)
Board Members and staff costs	**2,164**	**2,080**

The following number of employees received salaries in the ranges:

	2024	2023
£0 – 50,000	17	16
£50,001 – 100,000	9	9
£100,001 – 150,000	5	5

Expenses

Total of expense paid and reimbursed to Chair, Members and employees for travel and entertainment (including meetings) amounted to £18,791 in the year ended 31 March 2024 (2022–23: £26,926)

8. Taxation

	Note	2024 £'000	2023 £'000
UK Corporation Tax on losses for the year		-	-
Adjustments to previous year's tax provision		201	-
Total current tax charge		201	
Deferred tax - utilisation and reversal of timing differences		966	680
Adjustments to previous year's tax provision		(117)	**-**
Total deferred tax	**14**	**849**	**680**
Total tax charge		**1,050**	**680**

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

	2024 £'000	2023 £'000
Tax reconciliation		
(Loss)/profit before taxation	6,360	(20,304)
Tax on profit on ordinary activities at standard UK corporation tax rate of 25% (2022–23: 19%)	1,590	(3,858)
Tax effects of:		
Expenses not allowable for taxation	44	3,753
Fixed asset differences	(655)	(162)
Adjustments to tax charges in respect of previous years	(117)	-
Adjustments to brought forward values	-	2,373
Income not taxable for tax purposes	(1,038)	-
Chargable gains/(losses)	3,879	(6,443)
Remeasurement of deferred tax for changes in tax rates	-	(406)
Movement in deferred tax not recognised	(2,854)	5,423
Potential tax charge re rollover relief	201	-
Total tax charge for the year	1,050	680

The standard rate of corporation tax for 2023–24 is 25% (2022–23: 19%)

9. Property, plant and equipment

	Note	Freehold buildings	Leasehold buildings	Plant & equipment	Furniture, Fixtures & Fittings	Motor vehicles	Construction in progress	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 31 March 2022		**6,428**	**1,168**	**3,404**	**-**	**255**	**477**	**11,732**
Additions		-	-	53	-	-	8	61
Transfers		-	-	69	-	-	(69)	-
Disposals		-	-	(4)	-	(13)	-	(17)
At 31 March 2023		**6,428**	**1,168**	**3,522**	**-**	**242**	**416**	**11,776**
Additions		-	-	128	85	29	-	242
Transfers		-	-	-	-	-	-	-
Disposals		(10)		14	-	-	-	4
At 31 March 2024		**6,418**	**1,168**	**3,664**	**85**	**271**	**416**	**12,022**
Depreciation								
At 31 March 2022		**6,380**	**1,168**	**2,969**	**-**	**199**	**-**	**10,716**
Transfers		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	5	-	-	216	-	12	-	228
Disposals		**-**	**-**	**(4)**	**-**	**(13)**	**-**	**(17)**
At 31 March 2023		**6,380**	**1,168**	**3,181**	**-**	**198**	**-**	**10,927**
Transfers		**-**	**-**	**-**	**-**	**-**	**-**	**-**

Charge for the year	**5**	**-**	**-**	**101**	**3**	**13**	**-**	**117**
Disposals		**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 March 2024		**6,380**	**1,168**	**3,282**	**3**	**211**	**-**	**11,044**
Net book value								
At 31 March 2024		**38**	**-**	**382**	**82**	**60**	**416**	**978**
At 31 March 2023		**48**	**-**	**341**	**-**	**44**	**416**	**849**

10. Investment property

a. Reconciliation of carrying amount

	Land	Freehold buildings	Investment property under progress	Total
	£'000	£'000	£'000	£'000
Carry Value (fair value)				
At 31 March 2022	**22,970**	**45,166**	**11,905**	**80,041**
Additions	-	-	11,620	11,620
Transfers	-	11,338	(11,338)	-
Fair value gain	(9,320)	788	(11,430)	(19,962)
At 31 March 2023	**13,650**	**57,292**	**757**	**71,699**
Additions	-	-	11,409	11,409
Transfers	-	6,114	(6,114)	-

Fair value gain	(1,483)	4,282	1,355	4,154
At 31 March 2024	**12,167**	**67,688**	**7,407**	**87,262**

Investment property consists of the new market buildings being constructed under the development agreement with VSM. These buildings are leased to the tenants of New Covent Garden Market and have break clauses in 2025, 2027 (on completion of the market) and 2030. Lessees are not anticipated to exercise their rights to break their lease in 2025, due to their investment in the fit-out of their new units.

Changes in fair values are recognised as gains and losses in profit or loss and included following operating profit/(loss) (after redevelopment activity). All gains are unrealised.

b. Amounts recognised in profit or loss

Rental income recognised by the Authority during 2023–24 was £4.3m (2022–23: £4.2m) (see note 2).

Tenant recoveries which include reimbursement of service charge costs and direct recovery of electricity costs and waste collection services were £9.0m (2022–23: £7.5m) (see note 2).

c. Measurement of fair values

i. Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications, having experience in the category of the property being valued. The independent valuers provide the fair value of the Authority's investment property portfolio on an annual basis.

The fair value measurement for the investment properties has been categorised as level 3 fair value based on the inputs to the valuation technique used (see note 1.b.vi).

ii. Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow analysis: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rents for each building type, once the redevelopment is complete, occupancy rate and other costs not paid by tenants, over a 30-year term. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the performance and nature of the current Fruit and Vegetable Industry, the market's location, and lease terms.	• Expected market rental growth (2023–24: 2.25%; 2022–23: 2.5%) • Occupancy rates (2023–24: 95–100%, weighted average 98% ; 2022–23: 95–100%, weighted average 99%) • Risk-adjusted discount rates (2023–24: 8.75%, 2022–23: 7.25%)	The estimated fair value would increase (decrease) by: • £4.8m (£4.8m) if the expected market rental growth were 0.25% higher (lower) • £4.0m (£4.6m) if occupancy rates were 1% higher (lower) • £4.5m (£4.6m) if the risk adjusted discount rate were 0.25% lower (higher)

11. Trade and other receivables

Current trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	3,061	4,519
Less: provision for impairment	(177)	(541)
Trade receivables, net	**2,884**	**3,978**
Amounts due from Defra	1,104	2,435
Other receivables	1,317	356
Less: provision for impairment	(320)	(348)
Other receivables, net	997	8
Other taxes and social security receivable	-	-
Prepayments and accrued income	765	942
Development Partner	-	103
Total current trade and other receivables	**5,750**	**7,466**

Non-current trade and other receivables

	2024 £'000	2023 £'000
Amounts due from Defra	6,005	1,239
Total non-current trade and other receivables	**6,005**	**1,239**

Trade receivables, other receivables, amounts due from Defra are all measured at amortised cost. As outlined in detail in note 1.b.i, a provision for impairment of trade receivables is established using an expected loss model. The Authority uses historical evidence on default levels alongside any current 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.

	2024 £'000	2023 £'000
Provisions for impairment of trade and other receivables:		
As at 1 April 2023	889	1,117
Impairment losses reversed	(30)	(43)
Uncollected amounts written off, net of recoveries	(362)	(222)
Receivables impaired in the year	-	37
	497	**889**

Analysis of impairment

	2024 £'000	2023 £'000
Trade receivables – impaired	0.2	0.6
Trade receivables – not impaired	0.5	1.3
Other receivables – impaired	0.3	0.3
Other receivables – not impaired	-	-

12. Cash and cash equivalents

	2024 £'000	2023 £'000
Bank deposits - sterling	38,324	22,815
Cash at bank and in hand - sterling	3,499	3,583
	41,823	**26,398**

Included within cash and cash equivalents is £35.4m (2022–23: £21.1m) in respect of monies held for the progression of the development works in accordance with the Development Agreement. The amounts will be retained by the Authority until the conditions of the Development Agreement have been satisfied.

Cash balances of £2.1m (2022–23: £1.7m) 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.

13. Employee retirement benefits

The Authority made payments to a defined contribution Pension Fund which it does not administer of £0.2m (2022–23: £0.2m).
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 Mercer Limited, using the accrued benefit method of valuation and the projected unit method to determine the funding requirement triennially.

The most recent actuarial valuation at 5 April 2021 has been updated for IAS 19 purposes as at 31 March 2024.

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 considered in the 31 March 2024 IAS 19 calculation.

The Authority made contributions totalling £211,000 to this defined benefit pension plan in the year to 31 March 2024 (2023: £211,000).

The weighted average duration of the defined benefit obligation is around 15 years.

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 IAS 19 valuation was prepared by Rod Thouless - 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:

	2024	2023
Retail price inflation:	3.4%	3.5%
Salary escalation:	2.8%	2.8%
Increase to pensions in payment:		
Increase to deferment with a 5% cap on increase:	2.8%	2.8%
Increase to deferment with a 2.5% cap on increase:	2.5%	2.5%
Discount rate (pre and post retirement):	4.9%	4.8%

Mortality assumptions:		
Base table	100%S3PMA / 90%S3PFA	100%S3PMA / 90%S3PFA
Improvement rate	CMI2022 (1.5%)	CMI2021 (1.5%)
Life expectancy at 65 at year end:		
Retiring at year end date	21.7 (M) / 24.4 (F)	22.4 (M) / 25.0 (F)
Retiring 20 years after year end	23.3 (M) / 26.2 (F)	24.1 (M) / 26.8 (F)

	Change in assumption	Change in liabilities
Discount rate	Increase / (Decrease) of 0.50% p.a.	£186,000 / (£203,000)
Rate of inflation	Increase / (Decrease) of 0.25% p.a.	£(144,000) / £141,000
Rate of salary growth	Increase / (Decrease) of 0.25% p.a.	£1,000 / £1,000
Rate of mortality	Increase / (Decrease) in life expectancy of 1 year	£85,000 / (£87,000)

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth.

The plan typically exposes the Authority to actuarial risks such as investment risk, interest rate risk, salary growth risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities. This would detrimentally impact the statement of financial position and may give rise to increased charges in future income statements. This effect would be partially offset by an increase in the value of the plan's bond holdings, and in qualifying death in service insurance policies that cover the mortality risk. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

The best estimate of contributions to be paid by the Authority to the plan for the period commencing 1 April 2024 is £211,000.

The asset distribution of the underlying investments were as follows:

	2024	2023
	%	%
Fixed Interest Securities	19.8	19.7
United Kingdom Equities	7.9	8.3
Overseas Equities	35.6	25.7
Emerging Market Equities	6.8	6.5
Absolute Return Fund	7.4	12.4
Property	10.1	10.2
Debt	9.2	9.4
Cash	2.7	7.8
Forwards	0.5	-
	100	**100**

The assets and liabilities of the plan are as follows:

	2024	2023
	£'000	£'000
Fair value of plan assets	2,850	2,782
Present value of Defined Benefit Obligation	(2,769)	(3,014)
Surplus/(deficit) in the plan	**81**	**(232)**

Analysis of the amounts charged to the income statement:

	2024 £'000	2023 £'000
Interest income related to plan assest	138	85
Interest expense on retirement benefit obligations	(145)	(135)
	(7)	**(50)**

There are no current service costs. The interest expense on retirement benefit obligations and interest income related to plan assets are included within finance costs.

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

	2024 £'000	2023 £'000
Actual return less interest income on pension scheme assets	(8)	43
Experience gains and losses arising on the scheme liabilities	21	(102)
Changes in assumptions underlying the present value of the scheme liabilities	112	1,571
	125	**1,512**

The net movement in the Defined Benefit Pension scheme were as follows:

	2024 £'000	2023 £'000
Deficit in scheme at beginning of year	(232)	(1,889)
Contributions net of administration charge	195	195
Other finance cost	(7)	(50)
Past service costs	-	-
Actuarial gain/(loss)	125	1,512
Surplus/(deficit) in scheme at end of year	**81**	**(232)**

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

	2024 £'000	2023 £'000
At the start of the year	2,782	3,120
Interest income	138	85
Actuarial (loss)/gain	(8)	43
Employer contributions	211	211
Administration costs (excluding asset management costs)	(16)	(16)
Benefits paid out	(257)	(661)
At the end of the year	**2,850**	**2,782**

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

	2024	2023
	£'000	£'000
At the start of the year	3,014	5,009
Interest cost	145	135
Actuarial losses	(133)	(1,469)
Benefits paid out	(257)	(661)
At the end of the year	**2,769**	**3,014**

14. Deferred taxation

	2024	2023
	£'000	£'000
Deferred tax liability	**(4,505)**	**(4,003)**

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

	Capital allowances	Investment Properties	Tax losses	Pension Schemes	Total
	£'000	£'000	£'000	£'000	£'000
At 31 March 2022	**(3,022)**	**(1,161)**	**797**	**476**	**(2,910)**
Charged to income statement	**(1,044)**	**1,161**	**(797)**	**-**	**(680)**
Credit to other comprehensive income	**-**	**-**	**-**	**(413)**	**(413)**
At 31 March 2023	**(4,066)**	**-**	**-**	**63**	**(4,003)**
Charged to income statement	(445)	-	-	(404)	(849)
Charged to other comprehensive income	-	-	-	347	347
At 31 March 2024	**(4,511)**	**-**	**-**	**6**	**(4,505)**

15. Trade and other payables

	2024 £'000	2023 £'000
Trade payables	19	(2)
Other tax and social security payable	431	552
Accruals and deferred income	23,789	22,873
Deposits from tenants	1,491	1,727
Development Partner	16,036	-
Other payables	519	-
Pension contributions	22	18
Total current trade and other receivables	**42,307**	**25,168**

The development creditor of £16.036m represents amounts held on behalf of our developer within cash and cash equivalents, payments on account in respect to future construction costs and other liabilities associated with the development agreement and works.

16. Provisions

	2024 £'000	2023 £'000
At the start of the year	3,924	7,426
Utilised in the year	-	(3,502)
Increase in provision	10,857	-
At the end of the year	**14,781**	**3,924**

£4.510m (2022–23: £3.631m) of the above provision in respect of the redevelopment project is a current liability and the remainder is a non-current liabilty.

17. Future expected dividend payment

The Authority is cognisant of the possibility that Defra may direct that further dividends may be payable from the excess sale proceeds of future land sales under the development agreement with VSM.

18. Financial risk management

The limited powers of the Authority to borrow or invest surplus funds are set out in the Covent Garden Market Acts 1961–77. As a result, financial instruments play a limited role in creating or changing risk. 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 'Financial assets measured at amortised costs'. 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 to 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 2024 is as follows:

	2024 Trade and other payables £'000	2023 Trade and other payables £'000
On demand	1,491	1,727
Less than 1 month	-	-
1 to 3 months	24,780	23,441
3 to 6 months	-	-
6 to 12 months	-	-
12 months +	16,036	-

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

	2024 £'000	2024 £'000	Total £'000	2023 £'000	2023 £'000	Total £'000
	Fixed	**Floating**		**Fixed**	**Floating**	
Cash	-	3,499	3,499	-	3,583	3,583
Short-term deposits	36,189	2,135	38,324	21,116	1,699	22,815
	36,189	**5,634**	**41,823**	**21,116**	**5,282**	**26,398**

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.

Trade receivables are considered in default and subject to additional credit control procedures when they are more than 30 days past due in line with industry practice. Trade receivables are only written off when there is no reasonable expectation of recovery due to insolvency of the debtor (see note 11 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 1961–77.

19. Operating leases

Lease as lessor:

The Authority leases out its investment property. The Authority has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Authority during 2023–24 was £4.3m (2022–23: £4.2m).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2024 £'000	2023 £'000
Within 1 year	4,475	3,634
Within 1–2 years	4,718	4,108
Within 2–3 years	3,978	3,807
Within 3–4 years	3,528	3,389
Within 4–5 years	3,194	3,052
After 5 years	15,589	16,489

20. 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 framework 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.

See note 1.m in respect of a cost of capital charge of £2.0m (2022–23: £2.0m) and associated subsidy of £0.6m (2022–23: £0.7m).

£0.2m of revenue grant funding from Defra was recognised in the Income Statement on the basis that the expenditure which underlined its purpose had been incurred. The balance outstanding at 31 March 2024 is £7.109m.

Key management personnel remuneration totalled £1.3m (2022–23: £0.9m). Key management personnel includes the executive team and other senior positions within Finances and Operations.

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

See note 13 for details of transactions and balances with the pension plan.

21. Capital commitments

Development costs

On 7 January 2013, the Authority signed a contract with VSM for the redevelopment of the New Covent Garden Market, 57-acre site, through the demolition of all existing structures and redeveloping the market on a smaller, 37-acre footprint. At 31 March 2024, phases 1, 2 and 3 of the programme were complete, and the remaining phases are due to complete by 2027.

VSM has option agreements over the Authority's surplus land, including the Apex site, Entrance site and Thessaly Road site, which total approximately 6.06 acres and are still to be drawn down as at 31 March 2024. The transfer of these parcels of land will represent the final element of the Authority's payments to the Developer in respect of the redevelopment of the market.

The Authority's Management

Appendix I

The Authority's key staff members as at 31 March 2024 were as follows:

Executive Team

Jo Breare	General Manager
Cassandra Glavin (left January 2025)	Head of Finance
Tony O'Reilly	Project Director
Alasdair Thomas	General Counsel
Toyin Allen	Head of Human Resources
Giles Roddy	Head of Business and Partnerships
Michael Sharkey	Head of Property

Operations

Colin Corderoy	Operations Manager
Glyn Allen (left August 2024)	Facilities Manager (Interim)

Finance

Sarah Perry (left February 2025)	Financial Controller
Earl Dale (left June 2024)	Credit Control Manager

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