

coventgarden
market authority

 55th Report & Accounts 2015/2016

Covent Garden Market Authority

Report and Accounts for the accounting period from 1 April 2015 to 31 March 2016

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



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

Price £7.00

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Bankers

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

Auditors

Nexia Smith & Williamson
25 Moorgate London EC2R 6AY

Executive Summary



CGMA Revenue | up 0.8%
£15.42m 2014/15 | **£15.54m 2015/16**

Covent Garden Market Authority's (CGMA) Performance

Revenue from normal trading activity increased by 0.8% and the operating profit before redevelopment project costs increased by £0.1m to £1.8m.



Total NCGM Turnover | down 3.3%
£646m 2014 | **£625m 2015**

New Covent Garden Market (NCGM) Trade

Total NCGM Turnover £625m - down 3.3% on the previous year, reflecting in part a slight decrease in eating out in London.



Core F&V Market | down 5% points
94% let 2015 | **89% let 2016**

CGMA's Key Performance Indicators

Occupancy Rate: Total Trading Area

Occupancy of trading space in the largest sector, the core food Market, reduced from 94% to 89% as at 31 March 2016. This is because some units are being kept vacant to facilitate the construction programme.



General Service Charge £ per sq ft
13.39 2014/15 | **13.07 2015/16**

General Service Charge (GSC): £ per sq ft

The GSC in 2015/16 was £13.07 per sq ft after a rebate of £1.11 per sq ft, compared to £13.39 per sq ft the previous year. Initial expectations were that the GSC would be £14.18 per sq ft but continuing efficient cost management enabled a rebate to be made at the end of the year.



Total Volumes of Recycled Waste (tonnes) | down 1.1%
14,683 2014/15 | **14,515 2015/16**

Environmental Performance

The total volume of waste recycled decreased by 1.1% on last year and zero waste was sent to landfill.

Key Events

Unconditionality

The agreement with CGMA's development partner, VINCI St Modwen, went unconditional on 9 April 2015.

Work started on site

These works include upgrades to infrastructure and roadways, the refurbishment of the Multi Storey Car Park and construction of a new temporary waste compound.

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

27 June 2016

Dear Secretary of State

In accordance with Section 46 of the Covent Garden Market Act 1961, I submit the Report of the Covent Garden Market Authority, incorporating a Statement of Accounts drawn up in accordance with your directions, for the fifty fifth accounting period ended 31 March 2016.

New Covent Garden Market is now set well on course for its transformation into the home for fresh food and floristry in London, accessible to food businesses and the public, as it always has been accessible to UK growers and traders. Work has started in earnest on the £130 million redevelopment, which will provide modern buildings and facilities for our 200 tenants and a new Food Quarter for London.

This redevelopment is key to the transformation of Nine Elms on the South Bank. Alongside the new US Embassy and Battersea Power Station, New Covent Garden Market, providing over 2,500 jobs, is one of three icons at the heart of the emerging neighbourhoods.

Our major project will take seven years to complete. We have reached this significant point only with the full support of our many stakeholders who, together with the Authority's Board and staff, are deeply committed to delivering the successful redevelopment of the Market.



Pam Alexander OBE
Chair

Secretary of State for Environment, Food and Rural Affairs
Nobel House
17 Smith Square
London
SW1P 3JR



Chair's Statement

Pam Alexander OBE, Chair

I am delighted to report that, as I enter my second term of office, New Covent Garden Market is set well on course for its transformation into THE home for food in London. Work has started in earnest on the £130 million redevelopment of the market which will provide modern buildings and facilities for our 200 tenants and a new Food Quarter for London.

In 2015, 40 years on from New Covent Garden Market's move to Nine Elms, the Development Agreement between Covent Garden Market Authority and our partners, VINCI St. Modwen, went unconditional, enabling work to start on our redevelopment.

The year has been one of preparation for our new buildings, clearing the ground and upgrading our physical infrastructure. It has also seen us publish new materials and illustrations for our *Brand New Covent Garden Market*. The new booklet and specially commissioned drawings capture the ambition and spirit of what we are trying to achieve. 'A better home for fresh'. 'A market with big ambitions'. 'A London icon.'

New Covent Garden Market is already one of three icons in the transformation of Nine Elms, alongside Battersea Power Station and the new US Embassy, due to open in 2017.

Brand New Covent Garden Market is not just about new buildings, although they will be state of the art. It is also about taking the entrepreneurial spirit of the 200 businesses based here and creating an environment that fosters new businesses. It is about creating a new public face for the market where people who love food, love working in food, love making food and love sharing their knowledge about food can come together. It is about creating an environment that becomes London's most important food destination. THE London Food Quarter.

Over the coming year we will see many exciting changes. Change is always challenging and our first priority is to support our tenants to continue trading effectively throughout the rebuild. In 2017 New Covent Garden Flower Market will move to an interim home at our main entrance further along Nine Elms Lane and our new Food Exchange will be built. This will be the permanent home of the Flower Market once the redevelopment is complete. Our success at the May 2016 Chelsea Flower Show - illustrated on our cover - demonstrated to all our suppliers and customers the quality of this thriving market. The upper floors of the new building, previously called the Garden Heart, will from 2017 begin to grow a hub for food businesses housing incubation space for new start-ups, production, development and educational kitchen space along-side offices and studios.

We have embarked on a major project that will take seven years to complete. I am privileged to be Chair of CGMA at such an important time and I am conscious that we have reached this significant point only with the continuing support of Defra and our many stakeholders. My Board and I deeply appreciate that support and I know that our new Chief Executive, Daniel Tomkinson, will be appreciative of our stakeholder support.

I would like to thank my Board and the CGMA staff for their passion and commitment to New Covent Garden Market and its future. I would also like to record my particular thanks to Jan Lloyd who is leaving us in July after ten challenging years at CGMA. In that time she has led us successfully through the most significant phase in the history of New Covent Garden Market and achieved a firm basis for the Market's redevelopment. We are very grateful to her and wish her well for the next stage of her career.

“

A Market with big ambitions. A London icon...

”

Chief Executive's Review

Jan Lloyd, Chief Executive

It is with mixed feelings that I look back on what is my last full year in office. There is a huge element of satisfaction in knowing that the future of New Covent Garden Market is secure but also significant sadness at leaving a London icon. It has been a privilege to have played a small part in its long history. But having overseen the inception, detailed planning and procurement of NCGM's redevelopment through to the start of build, it is a timely moment to pass on the baton to someone new.

When I joined CGMA the key challenge was to remove the uncertainty that had overshadowed the market for so long. The launching of the Redevelopment Project in 2006 shaped the future direction but it has been a long journey to reach this point. Now, ten years on the market's redevelopment is well and truly underway and work has started on site in earnest.

The future direction of CGMA is also clearer and I have every confidence that my senior executive team will deliver our vision with my successor.

With change all around us it is reassuring to see that our underlying business, renting property to food and flower businesses, is secure. Our core income comes from the rent charged for space and this grew by 13% in the year. This was in part due to the securing of a rent review of 11.5% but also because the demand for space remains strong.

Our tenants' businesses have seen mixed results this year. Trade in both the wholesale fruit and vegetable market and in the flower market has been healthy with increases of some 2% and 10% respectively. However, for our wholesale distributors overall turnover is down by 11% from last year. This follows the departure of a small number of important companies who left during the year to expand elsewhere. Comparing turnover for the distributors on a like for like basis, the underlying trend was static. This reflects a wider slowdown in the foodservice sector. Taking into account turnover from other food companies and importers, total market turnover was down by 3.3%.

This year is the first year that the redevelopment plans begin to affect our results. The sale of Covent House to facilitate the building of the Nine Elms Tube station on the new Northern Line Extension has boosted our profits significantly. As would be expected with a public asset, the receipt less costs incurred for temporary facilities, has been returned to Defra as a dividend. Encouragingly the underlying trading profit has also been strong creating a good foundation on which to go forward with the redevelopment. Operating profit before redevelopment costs was up at £1.8m (2014/15: £1.7m).

An important measure of our performance as a business is the result of our customer satisfaction survey. It is extremely gratifying to report that this year 76% of our tenants rated the service they receive from CGMA as 'good or excellent'. This is up from 67% the year before. In a year when work has started on site and the impact of the redevelopment is starting to be experienced on the ground, it is vital that our customers continue to feel they are getting a high level of service from us. Looking to our external stakeholders, including customers and suppliers to the market, we were also delighted with the results of a survey that showed 70% of all respondents have positive views of our redevelopment plans.

While it is sad to leave, CGMA is in good financial shape, the redevelopment is set on course, there is continued and strong support from our stakeholders and I know NCGM is on track for a secure and prosperous future serving its tenants, customers and suppliers.

I am proud of the small but highly professional CGMA team I have led and who will steer NCGM going forward. I would like to thank them for their enthusiasm, dedication and support. They should be proud of what they have achieved. NCGM provides an essential service to London - it is a world class market for a world class city.



“ While it is sad to leave, CGMA is in good financial shape... ”

Jan Lloyd

Brand New Covent Garden Market



Brand New Covent Garden Market is not about reinventing the rules or changing the game. It is, simply, about keeping everything that is good about the market and carefully remastering and making it better. The result is a market that our traders and customers deserve. A better place to trade produce. A better place to buy.

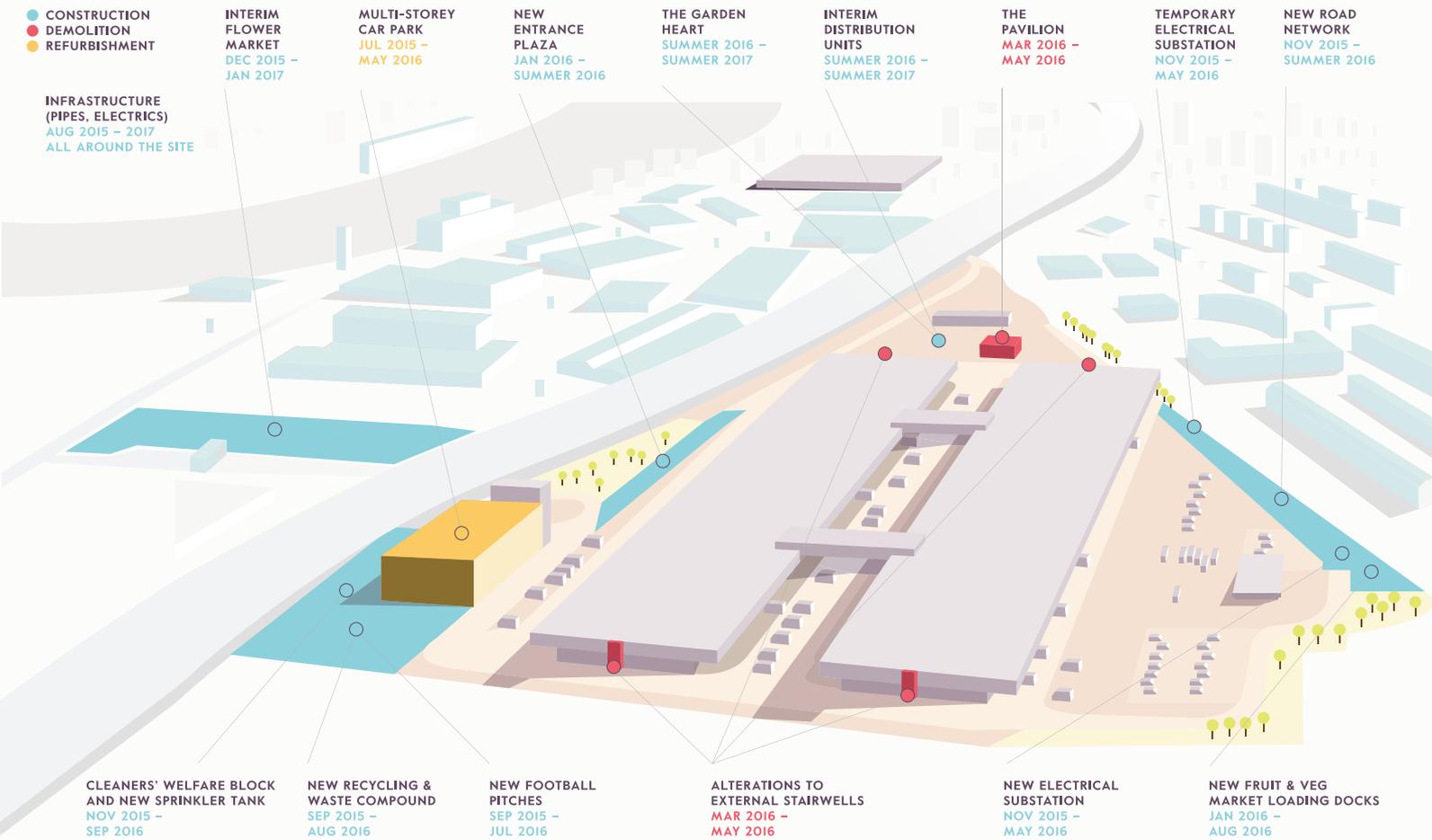
The £130m transformation of the iconic market will create a better home for fresh produce and includes a better, modern wholesale market alongside a new food destination combining a food quarter and a showcase for local produce with a learning and community zone.

The new market will be the ultimate home of food and flowers in London ensuring it remains the leading 'go to' destination for trade.

NCGM is already the greatest wholesale market in the UK; through this redevelopment it will be even better.

The development will create a market for the future with community at its heart.

The new market is an evolution that will ensure the wholesale market can continue to grow from strength to strength.



The evolution of the iconic market will create world-class wholesale market facilities alongside a business and community hub with education, training and incubation.

The new market will include the first public-facing food destination since the market moved to the Nine Elms site, creating London's Food Quarter.



More information is available at
www.brand.newcoventgardenmarket.com

New Covent Garden Market Trade

New Covent Garden Market 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.

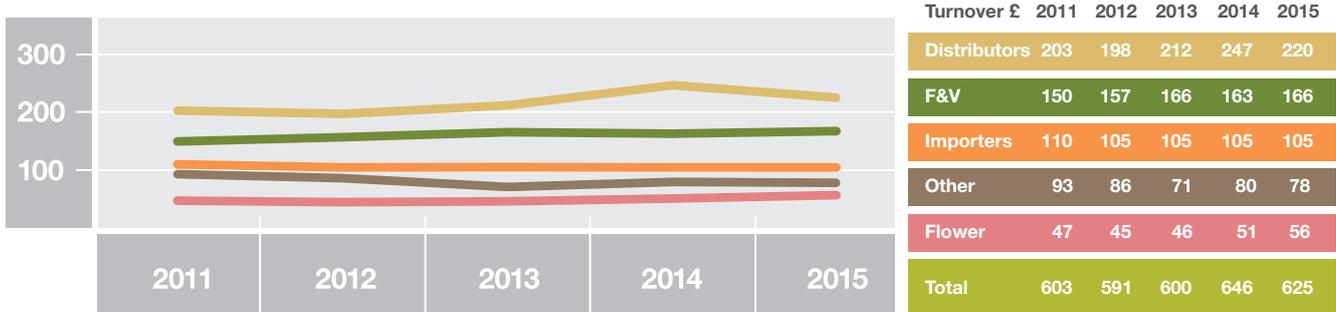
200 companies trade **fruit, vegetables** and **flowers** but also **dairy, meat, fish, ice** and **gourmet ingredients**.



Total Market Trade £625m down 3.3%



5 year trends in Market trade



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

Fruit & Vegetable Wholesalers

QUALITY | RANGE | EXPERTISE

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

Total turnover for the fruit and vegetable wholesalers increased by **2%** from £163m to £166m, a very encouraging out turn as food deflation continues to depress the price of fruit and vegetables.



F & V Wholesalers | up 2%
£163m 2014 | £166m 2015

Fruit & Vegetable Wholesale Distributors

QUALITY | SERVICE | ADDED VALUE

Daily deliveries, often more than once a day. **Prepared produce** - peeled, sliced, diced, juiced and an **extended product range** from frozen to morning and dried goods. **40%** of the fruit and vegetables on the plate outside the home in London come from NCGM. **20 out of 20** of London's top rated restaurants are supplied by NCGM. NCGM is the only market in the UK to have a complete **Red Tractor** supply chain. Total turnover for the wholesale distributors was down by over **11%** at £220m following the departure of two of NCGM's largest distributors during the year as they sought significantly larger premises than NCGM could provide. Taking out the figures for those two distributors to give a like for like comparison, the results would be broadly static, reflecting a slowdown in eating out in London.



F & V Wholesale Distributors | down 11%
£247m 2014 | £220m 2015

Flower Market

QUALITY | RANGE | PASSION

The **only** dedicated flower and plant wholesale market in the UK. Offering the **best of the world** and the **pick of British** flowers, foliage, plants and accessories. **57%** of the flowers sold outside supermarkets have been supplied by NCGM and **75%** of London's florists use the market.

Turnover for the Flower Market continues to show growth and was up **10%** on the previous year. This follows several years of soft trading as a result of the recession.



Flower Market | up 10%
£51m 2014 | £56m 2015

Other Food Businesses

The same slowdown in eating out in London saw this sector fall slightly by just over **3%**.



Other Food Businesses | down 3%
£80m 2014 | £78m 2015

Importers

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



Importers
£105m 2014 | £105m 2015

About Covent Garden Market Authority



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

£5.1m
Rental income

36 staff
employed by CGMA

What we do

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

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

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

Property & Project Director's Report

Mark Weatherald, Property & Project Director

Covent Garden Market Authority's Revenue

Occupancy levels continue to remain strong as we work towards the decant plan to enable vacant possession of parts of the site. This will allow its timely handover to our development partner. Historic levels of non-core income will be affected as physical capacity to generate this revenue will be reduced.

Leases & Lettings

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

Occupancy of trading space in the largest sector, the core food market, has reduced from 94% to 89% as at 31 March 2016. This drop disguises the fact that demand has been strong in response to the vacant space arising from last year's tenant break option. The core market is now near full occupancy with the exception of a number of units located on A-Row which have been retained by CGMA to ease traffic congestion issues and provide short-term flexible space to existing Market tenants.

Occupancy levels for trading space in the Flower Market have dipped slightly from 82% in March 2015 to 80% in March 2016. This slight fall is primarily due to the imminent relocation to the Interim Flower Market (IFM) in 2017.

Physical construction of the IFM has now started and the legal process for obtaining vacant possession of the existing Flower Market is ongoing. Tenants have been provisionally allocated units in the IFM with formal lease documentation expected to complete over the coming months. Demand for space in the IFM is strong and it is anticipated that the IFM will be fully leased upon opening in 2017.

A rent review, effective from 1 April 2015, saw rents increase by 11.5%. The availability of good quality warehouse and distribution space in Central London is extremely limited. This shortage combined with strong demand is creating upward pressure on rents across the Greater London area. However, this rent level will be held until completion of the new market.



Core F&V Market | down 5% points
94% let 2015 | 89% let 2016



Flower Market % Let | down 2% points
82% let 2015 | 80% let 2016



Non Core Income

In addition to earning income from rents, CGMA continues to look for opportunities to generate additional revenue.

In previous years, CGMA has actively sought ways to generate further revenue by using Market land not needed for the core business. In light of the redevelopment, these revenue streams have and will continue to decrease as more Market areas are given over to facilitate the construction process. However new income streams will be opened up as the Food Exchange grows.

Casual Parking

Previously, where space was not needed for core Market activities, there was the opportunity to let areas to outside organisations for vehicle or coach parking. While space has reduced and no longer allows the volume of lease parking reported over previous periods, a smaller number of coach and contract parking spaces remain available in the short term. These will be offered until the space is required for Market operations as the redevelopment takes up vacant areas for building works.

Sunday Market

The Nine Elms Sunday Market (Sunday Market) continues to be operated by CGMA and managed by Saunders Markets Limited (SML). The Sunday Market is held on a weekly basis and remains popular with the local community and surrounding suburbs. Operated by independent stallholders, the wares on sale are predominantly retail items, while a diverse range of food is also available.

The Sunday Market performed well throughout the year. It continues to support both 'The Real Deal', designed to protect both customer and traders' interests as well as NABMA's 'Love Your Local Market' initiative.

CGMA acknowledges that the Sunday Market is valued by the Nine Elms community and its regular patrons who travel from further afield. Preparations are being made to ensure its continued operation throughout the Market redevelopment.

Commercial Operations Director's Report

Bob Marlow, Commercial Operations Director

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

Operation of NCGM

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

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

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

Health and Safety

CGMA works with representatives at all levels drawn from the full spectrum of stakeholders across the Market community. This includes Wandsworth's Environmental Services Department, CGMA's third party health and safety advisor and tenants. Key health and safety issues are aired and addressed in a practical way designed to attract maximum engagement from the Market community.

CGMA is responsible for health and safety in the public areas of the site while tenants are responsible for health and safety within their own leased premises.

With the commencement of the redevelopment project, CGMA is working closely with the development partner to ensure a cohesive and practical approach to health and safety is maintained at every stage of the redevelopment, while ensuring market operations are not adversely affected wherever possible.

There were 49 incidents on site reported to, or recorded by, CGMA security during the year. While this is an increase on the previous year this is attributable to the improved reporting and recording of all incidents on site. This number includes damage, thefts and break-ins as well as accidents such as slips and trips. There were 18 vehicle incidents on site, two of which were reportable in compliance with RIDDOR. This is set against a total of over 1.1m vehicle movements in the year.

Site improvements this year include enhanced signage and the repainting and additional designation of pedestrian routes.

Environment

Reducing the carbon footprint of NCGM remains a challenge given the aged infrastructure on site including the equipment within tenant premises. The total CO₂ produced by gas and electricity was 11,435 tonnes compared to 12,542 tonnes for the previous year, a decrease of 9%.

The reduction is the result of the more efficient boiler serving the Flower Market, the demolition of Covent House and the use of modern energy efficient air conditioning units in the temporary CGMA offices and the Fruit and Vegetable Market.



CO₂ Emissions (tonnes) | down 9%
12,542 2015 | 11,435 2016



Customer Satisfaction | up 9% points
 67% 2015 | 76% 2016

Value for Money

Customer Satisfaction

CGMA is committed not only to providing value for money to its tenants through managing costs but also to improving the services it provides to tenants. An anonymous online survey of tenants is carried out annually asking tenants how they rate the service they receive from CGMA staff. 76% said that service was good or excellent. This was up from the previous year's rating of 67%. Tenants are asked which areas could be improved and CGMA uses this feedback to address these concerns.

Service Charges

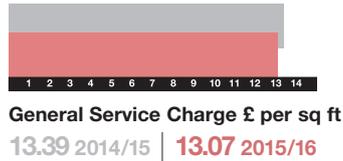
In line with other large multi tenanted sites, including other produce markets, tenants pay a general service charge (GSC) that covers the running costs of NCGM, including energy to common areas, waste, cleaning, security, maintenance and insurance for the common parts.

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

Special service charges are levied in the Flower Market for services specific to that building, such as Market Support Operatives, temperature and humidity control.

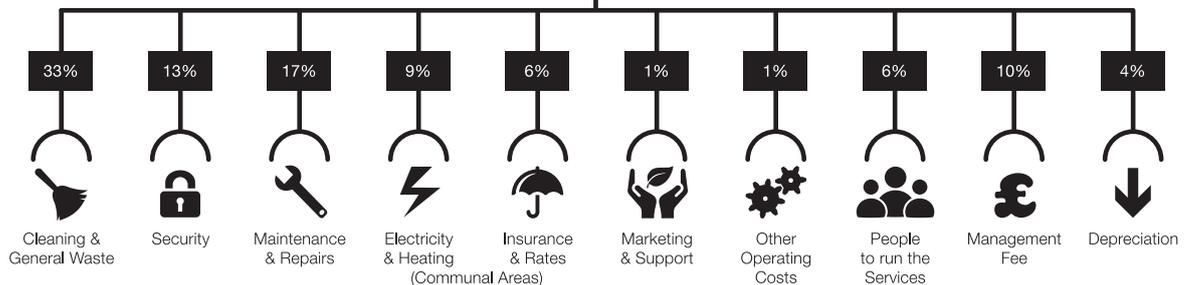
In the year the GSC was £13.07 per sq ft after a £1.11 rebate, down from £13.39 per sq ft in the previous year. Statutory maintenance needs to take place given that some areas of the site will not be replaced in the next five years and labour costs continue to increase. However, continued careful management of costs, coupled with recent lower unplanned maintenance and a reduction in rates on vacant units enabled a rebate to be made at the end of the year.

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



GENERAL SERVICE CHARGE

Where the tenants money goes when they pay their General Service Charge



Entry Control

Tenants and other Market users purchase annual entry permits and the balance is used to offset the costs of operating NCGM, so reducing the GSC costs for tenants. Other Market visitors are charged £5.00 for each entry, the cost of which has remained the same for the past five years.

The cost of an annual permit to enter the Market was subject to a small increase in the year with a different scale of prices for tenant permits dependent on vehicle category - commercial or private - and the location in which they park. The refurbishment of the

Multi-Storey Car Park, available for the parking of private vehicles, commenced in 2016 in line with the redevelopment programme and was closed for a short period to facilitate those works. During that period a temporary car parking facility was provided.

Upon the commencement of heavy construction works in the Fruit and Vegetable Market, it is intended that parking on the Market surface will no longer be available to private vehicles, with all non-commercial vehicles required to park in the refurbished Multi-Story Car Park.

Upkeep & Capital Works

NGGM is now over 40 years old and although it is in the initial stages of the project to rebuild it, it remains essential to keep the maintenance of the ageing infrastructure under constant review. Some areas of the site will not be redeveloped for over four more years. CGMA's staff manages the maintenance of the site through external contractors and outsourced labour. While CGMA is committed to providing a safe and clean market that promotes a positive trading environment, all works have to be considered against the timetable for the site's redevelopment.

This year capital spend has included replacement of the waste management system and equipment, replacement vehicles to manage operations on site and new temporary offices. There were also improvements for health and safety management and road repairs.

The capital expenditure in the year amounted to £1.5 million (2014/15: £2.0m).

Cleaning & Waste Management

CGMA manages the waste systems on site through Interserve Ltd who provide some equipment and operatives. Tenants continue to play an integral part in the management of the waste by a primary sort at their premises before CGMA carries out a secondary segregation at the waste compound. Tenants on the Fruit and Vegetable Market pay for the waste they generate under the Pay as You Throw (PAYT) system.

CGMA ensures all organic waste continues to be treated through sustainable systems and no organic waste is sent to landfill. CGMA encourages tenants to assist in the segregation of waste to offset the increasing costs of waste disposal.

As part of the redevelopment, the waste compound was temporarily moved to allow a new facility to be built. This will be better laid out and under cover, creating a better working environment for staff, better protection of recyclable waste from weather damage and improved environment for the neighbours. As a result of the move, and the installation of new waste segregation equipment, total volumes of waste to energy (tonnes) rose by 14.5%, increasing to 8,131 compared to 7,103 the previous year.

Security

OCS continues to provide the security services at NCGM. Service levels have been enhanced through further training of all staff from supervisory to security officer level. Duties include safety inspections, traffic management and vehicle safety.

To encourage health and safety best practice amongst Market users, OCS, in collaboration with CGMA, ran an Infringement Scheme over the period. Accordingly, two Infringement Officers were added to the security force provided by OCS.



**Total Volumes
of Recycled Waste (tonnes) | down 1.1%**
14,683 2014/15 | 14,515 2015/16

Business Development & Support

Helen Evans, Director Business Development and Support

CGMA works actively to support and promote its tenants' businesses. This support includes encouraging new customers, engaging with the next generation, promoting the market and playing an active role in the wider market's community.

New Customers

A programme of **tours and special events** introduces new food businesses and florists to the market giving them an overview of how it works and an opportunity to meet the wholesalers.

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

Supporting Tenant Businesses

Initiatives during the year included:

- New Covent Garden Flower Market Awards.
- Supporting entries for the Fresh Produce Consortium Awards with Zest Flowers awarded Floral Supplier of the Year.
- New Covent Garden Market stand at the Fresh Produce Show.
- Driver Cycle Awareness Training, giving participants CPC accreditation.



500+ students attend College Day

Next Generation

The strong links with catering colleges continue to grow, especially with **Westminster Kingsway** and its International Diploma courses as well as **Le Cordon Bleu School** and apprentices with The Worshipful Company of Cooks. The annual **Flower Market College Day** is a fixture in the calendar for floristry colleges in London and the South East attracting over **500 students** each November. The market was also represented at the inaugural **Fresh Careers Fair.**

Promoting the Market

NCGM's reports and profiles reach over **5,000** people a month. In addition on **Twitter** the market is followed by nearly **15,700** people. Recently NCGM has joined **Pinterest** and **Instagram** and continues to build on its **Facebook** presence.



Social media has been particularly instrumental in the tremendous success of **British Flowers Week** which in its third year reached over **5.7m** people through Twitter, in addition to generating strong coverage in traditional print and broadcast media.

Market's Community

CGMA continues to play a proactive role in the wider markets community. Jan Lloyd chaired both the **Association of London Markets** and the **European Regional Group of the World Union of Wholesale Markets (WUWM)** during the year.





The Wider Community



Stakeholders

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

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

During the Year CGMA had direct links with:

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

Londoners

CGMA showcases the market to a wider London audience through involvement in the **Chelsea Fringe** and the **Open House** weekend giving Londoners an opportunity to see the market at work. In 2015 the market also participated in the **Big Draw**.



Local Community

Since it was set up in 2011 the CGMA Community Fund has supported **31** local projects with grants between £500 and £5,000, committing **£150,400** to date. In the last year CGMA made **£27,366** (2014/15: £26,700) available to these local initiatives.

Examples of the projects supported include:

- **Contact the Elderly** for older person groups to run monthly tea parties in volunteers' homes.
- **English for Action** to provide weekly ESOL for work classes for migrants in the local area.
- **E:merge** for mentoring and support for young men on the Patmore Estate.
- **Code 7** for multimedia production, mentoring and accredited training for young people aged 11-25.

Other organisations that benefited in kind include **Food Foundation, Floral Angels** and **City Harvest**.

£27,366 given
as grants in the year





Finance Director's Report

Fred Knipe, Finance Director

The Authority is pleased to report that its normal trading activities produced another positive result for the year. Revenue remains robust and costs are managed efficiently and effectively.

The profit for the financial year after tax was £10.7m. This result was substantially due to the disposal of the Covent House property to Transport for London for the proposed new Northern Line tube station for Nine Elms.

As a result of this disposal and continued positive results, CGMA was able to pay Defra a dividend of £10.2m during the year, along with a net cost of capital payment of £0.5m.

Accounts Presentation

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

Revenue

Total revenue, excluding the proceeds for the sale of assets, increased from £16.2m to £16.4m.

Rent from market tenants increased by 13%, predominantly due to a rent review of 11.5% effective from 1 April 2015. As the redevelopment commences, CGMA is keeping some units vacant to facilitate the construction programme. Despite this reduction in lettable space, occupancy levels for the available space remained strong.

The GSC representing costs recovered from the tenants was £7.2m (2014/15: £7.4m). This reduction was mainly due to the mild winter resulting in a lower level of unplanned maintenance, as well as a reduction of rates on vacant units.

Income from car and coach parking saw a decline of 20% due to reduced space available, a trend likely to continue during the redevelopment works. The Sunday Market income was broadly flat and with careful management a larger proportion of this revenue can be maintained going forward compared to the car and coach parking income.

CGMA is subject to an annual cost of capital charge from Defra, but it also receives a subsidy towards the cost of capital charge from Defra. The effect of the charge and subsidy is a net cost of £0.5m for the year, the same as the previous year.

Operating Costs

Staff costs for the year reduced from £2.4m in 2014/15 to £2.0m in 2015/16. This reduction of 15% is a combination of no redundancy costs being incurred in the year, coupled with a general reduction in staff numbers.

The operating costs, excluding staff costs, decreased marginally from £10.5m in 2014/15 to £10.3m. Cost increases in the areas of security and cleaning and the continuing increasing cost of waste disposal were more than offset by a reduction in rates following a rate review exercise on vacant offices, lower maintenance and repairs being required, as well as a reduction in professional fees from the previous year related to the lease renewal process.

During the year we incurred a bad debt charge of £0.1m, compared to a credit of £0.3m in 2014/15.

Result for the Financial Year

The profit for the financial year was £10.7m compared to £1.0m the previous year due to the profit on the sale of fixed assets, which enabled a substantial dividend to be paid to Defra. The underlying financial performance of the business remains robust, with operating profit before Redevelopment Project costs of £1.8m (2014/15: £1.7m).

Redevelopment Project costs reduced from £0.9m to £0.4m in 2015/16, reflecting the Development Agreement going unconditional during the year and a greater proportion of related expenditure being capitalised.

Corporation tax for the year was £2.0m (2014/15: tax credit £0.1m) after adjusting for the previous year's provision. The substantial increase is related to the profit on the sale of assets.

During the year total dividends of £10.2m (2014/15: £nil) were paid to Defra, consisting of £0.2m dividend in respect of the underlying profit and a special dividend of £10.0m to distribute the net profits arising from the sale of Covent House.

Pension Fund

The accounts are prepared in accordance with International Accounting Standard 19, the IFRS accounting standard which relates to accounting for pension funds.

As at 31 March 2011, the Authority's defined benefits scheme ceased the accrual of future benefits. The Authority continues to make a monthly contribution to reduce the existing deficit in the Scheme. The valuation in compliance with IAS 19 as at 31 March 2016 generated an actuarial gain in the year of £0.8m, reflecting changes in the financial assumptions including an increase in the discount rate from 3.1% to 3.7%. As a result the deficit year on year has reduced by £0.9m to £1.4m (2014/15: £2.3m).

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

Net Cash Flow

The level of cash and cash equivalents for the year increased by £3.4m to £17.5m (2014/15: £14.1m). Corporation tax has been paid under the quarterly method with two payments during the year, there is still £1.4m of corporation tax to be paid. Included in the total cash and cash equivalents is £2.0m (2014/15: £2.0m) in respect of monies held on behalf of tenants.

Fixed Assets

Capital expenditure during the year totalled £1.5m (2014/15: £2.0m). This included expenditure on new temporary offices of £0.3m and £0.3m for a temporary waste compound, both of which CGMA received reimbursement for.

Following the Development Agreement becoming unconditional £0.4m of project costs have been capitalised.

This year a substantial profit on sale of a fixed assets was realised. Now that the Development Agreement has become unconditional, over the coming years there will be further substantial fixed asset disposals generating profits as parts of the site are transferred to our development partner, VSM.

Total Equity

The total comprehensive income for the year, net of dividends paid, resulted in an increase in the value of net assets to £11.6m (2014/15: £10.4m).



Key Performance Indicator: Break Even

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

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

Having regard to the profit made in the financial year 2015/16 and in previous years, notwithstanding the losses made in certain recent years, it is considered, taking one year with another that the requirement has been met.

Governance Statement

Responsibilities

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

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

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

Authority Members' Responsibilities

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

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

The Authority Members are responsible for ensuring that adequate accounting records are maintained which disclose, with reasonable accuracy at any time, the financial position of the Authority, and enable them to ensure that the published financial statements comply with the requirements of the Covent Garden Market Act 1961.

In addition, the Authority Members are responsible for safeguarding the assets of the Authority and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Authority's Board is satisfied that appropriate control systems are in place within the Authority's management to achieve these ends.

Regular reports of financial performance against budget are received from management by the Authority's Board.

The Authority's Board

CGMA is governed by a Board comprising a Chair and a maximum of seven other Non-Executive Members, appointed by the Secretary of State for Environment, Food and Rural Affairs. One of these members is nominated by the Secretary of State for Transport. Their appointment is usually fixed for a period of three years and their remuneration is set by the Secretary of State. Subject to performance, Board Members may be reappointed without competitive selection for a maximum of two further terms but limited to a total term in office of 10 years. The appointments are intended to ensure a balance of skills and experience relevant to the various sectors of the business.

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

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

	Board	Audit & Risk	Finance & Strategy	Remuneration
Total number of meetings	6	4	4	2
Pam Alexander	6/6	-	-	2/2
Bill Edgerley	6/6	-	4/4	2/2
Helen Gordon	5/6	-	4/4	-
Nigel Jenney	6/6	3/4	-	-
Archie Robertson	6/6	4/4	-	-
Glyn Smith	6/6	4/4	-	2/2
Teresa Wickham	6/6	-	4/4	-

Audit & Risk Committee

The Audit & Risk Committee comprises three members of the Board. Membership at the year-end consisted of Glyn Smith FCA (Chairman), Nigel Jenney and Archie Robertson. The Chief Executive, in her capacity as Accounting Officer, attends meetings as well as other appropriate members of the Authority. The Committee met four times during the year 2015/16. 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 and ensure that these are satisfactory and to receive reports on the internal and external audit of the Authority's affairs. Both the internal and external auditors attend relevant Committee meetings, providing reports to the Committee on audit strategy, findings and recommendations. During the year 2015/16 the appointment of external auditors was re-tendered, which resulted in the re-appointment of the current auditors. The Committee also reviewed the effectiveness of the internal auditors and its own workings and concluded that both were operating effectively.

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

Finance & Strategy Committee

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

Remuneration Committee

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

Redevelopment Project

A variety of professional and specialist advisers have contributed to the Redevelopment Project during 2015/16, working as a Project Team in conjunction with the Authority's management. Having entered into a conditional Development Agreement with VINCI St Modwen (VSM) during the financial year ended 31 March 2013, this Development Agreement became unconditional on 9 April 2015. During 2015/16 work has begun on building the new market. In line with the Development Agreement, a Development Review Group meets monthly. This includes representatives from VINCI St Modwen and CGMA Senior Executives. In addition there are regular site meetings both monthly and weekly.

The Authority as a Going Concern

The Authority's Board is required to give an opinion as to whether there is a reasonable expectation that adequate resources exist for the Authority to continue in operational existence for the foreseeable future. Any such view must take account of the pressing need for substantial investment in the Market's facilities. Now that the contract with VSM is unconditional, the rebuilding of the market should be secured. It is therefore the opinion of the Authority's Board that the Authority has adequate resources to continue in operational existence for the foreseeable future.

The System of Internal Control

The system of internal control is designed to manage to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2016 and up to the date of approval of the Report and Accounts, and accords with HM Treasury guidance.

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

Risk Management

The responsibilities for risk management are:

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

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

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

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

Redevelopment Project Failure - Internal Factors

The Development Agreement with VSM became unconditional on 9 April 2015. CGMA and VSM continue to engage with the Market community to ensure that their views are taken into account in refining and finalising the detailed build plan for the new Market. We liaised closely with local neighbours in preparing the planning application and will continue to engage with the local community as we move through its implementation.

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

This risk is mitigated by recruitment of appropriately qualified staff and advisers and by robust reporting procedures monitored by the CGMA Board. Recent changes in the senior management of CGMA have been diligently managed.

The key risk within the project for CGMA is the delivery of vacant possession so that works can start on site on time and the surplus land be released as intended. This risk is mitigated by the fact that CGMA has inserted a landlord's break clause within all the current leases and VSM ensures that there are new premises available for tenants to move into when their current lease ends.

There is also a risk to CGMA's reputation and the tenants' and other stakeholders' confidence in them as landlord should the project not be delivered to the agreed plan or if the quality of execution affects the market operation. This risk is mitigated by developing a close co-operative working relationship with VSM such that any issues are addressed effectively and in timely way, whilst ensuring the specification and quality control process is adhered to as defined in the Development Agreement.

Redevelopment Project Failure - External Factors

The successful completion of the wider redevelopment is dependent on numerous economic, political and business factors.

The majority of the risks associated with the redevelopment, such as construction costs and sales values have been transferred to the development partner. There are a number of protections within the Development Agreement, should the development partner experience problems. These include the use of a separate development account, a bond, parent company guarantees and step in rights designed to ensure CGMA would be able to complete the project, should there be an issue with the development partner.

If despite all of that the Redevelopment Project failed, then an extended holding plan would be required. The current relatively short-term horizons for site and remaining buildings' maintenance would be extended. However, there is a risk that this would not prevent an inexorable decline of the Market. The lack of confidence in the future would lead to a lack of investment by tenants and a weakening of the business base at Nine Elms. A long-term solution would still

be required to be developed in conjunction with Defra.

The strongest mitigation of this risk is commitment of the necessary resources working with VSM, to make a success of the Redevelopment Project by addressing all factors within the Authority's influence.

Loss of Stakeholder Support

The long term plan for the market cannot succeed without the support of government, town planning and highway authorities, tenants and other stakeholders.

This risk is mitigated by maintaining dialogue with all stakeholders as the Redevelopment Project proceeds and the delivery of the long-term plan is progressed. Defra is briefed regularly on the progress being made. Appropriate contacts are being maintained with the town planning and highway authorities.

Policy Change

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

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

Loss of a large part of the site

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

Preventative measures in place include: risk assessments, the use of hot works control permits, regular third party inspections, regular cleaning, and the provision of guidance to tenants on how to minimise their risk. There is also a close working arrangement with the developer to ensure construction works do not adversely affect the market operations.

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

Review of effectiveness

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



Jan Lloyd, Chief Executive, Covent Garden Market Authority



Foreword to the Accounts

History, Statutory Background & Principal Activities

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.

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

The Market moved to the new site in 1974 and currently has 200 tenant companies, of which 136 are wholesale and distributive tenants in the horticultural sector. There are 64 other tenants, including importers and firms supplying foodstuffs and catering and other services.

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

Equal Opportunities & Equality Act 2010

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

CGMA senior management strongly believes that it applies the principles of the Equality Act 2010 and demonstrates leadership in matters of equality and diversity and acts in accordance with its Public Sector Equality duty.

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

Contractual Arrangements Essential to the Business

CGMA has lease agreements with each of its tenants.

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

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

Business Review

Pages 8 to 33 of this Annual Report form the Business Review as defined by s417 Companies Act 2006.

Fixed Assets

The book value of tangible fixed assets, allowing for additions and disposals and adjusting for fully written off assets, but before allowing for annual depreciation charges, was £18.4m. It is the Authority's opinion that the market value of the Market land and buildings exceeds the book value shown in the Accounts.

Political & Charitable Donations

The Authority does not make political donations. Charitable and other donations during the year amounted to £27,366 (2014/15: £26,700).

Business Prospects

The Authority's Board believes that the Market must change if it is to continue to provide a high level of service to wholesalers and London businesses in the 21st century. It is clear that updating Market facilities will require considerable investment which is unlikely to be funded by the Government. The successful completion of the conditions of the contract with VSM occurred on 9 April 2015. Now that the contract is unconditional, the rebuilding of the Market should be secured.

Open Government & Publication Scheme

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

www.newcoventgardenmarket.com

Complaints Procedure

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

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

Payment of Creditors

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

Personal Data Related Incidents

There were no protected personal data related incidents reported for CGMA in 2015/16. CGMA will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continued improvements of its systems.



Health and Safety

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

Environment

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

CGMA works to reduce its environmental impact by:

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

The Board

Members of the Authority (as at 31 March 2016)



Pam Alexander OBE

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

**Appointed until
31 January 2019**

Currently

Non-Executive Director

Crest Nicholson plc
Crossrail Ltd

Future Cities Catapult

Chair

Design Council Cabe

Trustee

Design Council

Brighton Dome & Festival Ltd

Member

London Mayor's Design

Advisory Group

New London Architecture

Sounding Board

Previously

Chair

Peabody Trust

2004-2009

Chief Executive

South East England

Development Agency (SEEDA)

2003-2011

English Heritage

1997-2001

Deputy Chief Executive

Housing Corporation

1995-1997

Senior Civil Servant

Department of the Environment

1975-1994



Bill Edgerley

**Authority Member
from 1 March 2010**

**Appointed to
28 February 2019**

Currently

Trustee

Royal Greenwich Heritage
Trust

Henry Moore Foundation

Previously

Trustee

Cutty Sark

2010-2016

Chairman

Cutty Sark Enterprises

2010-2016

Managing Director

P&O Estates Limited

2005-2009

P&O Developments Limited

1994-2009

Chief Executive

Riverbus Partnership

1991-1993

Pre 1985 worked for

United Nations -

High Commissioner

for Refugees

Civil Engineering

Consultancy Practice



Helen Gordon

**Authority Member
from 21 September 2007**

**Appointed to
20 September 2016**

Currently

Chief Executive

Grainger plc

2016-date

Advisory Board Member

Cambridge University

Land Economy Department

Previously

Global Head

Real Estate Asset

Management for RBS

2011-2015

Life Fund Director

Legal & General Investment

Management

2003-2011

Group Property Director

Railtrack Group plc

1997-2003

Managing Director

John Laing Developments

1987-1997

Former Board Member

British Waterways Board

2000-2006

Trustee

College of Estates Management

2007-2016



Nigel Jenney

**Authority Member
from 21 September 2013**

**Appointed to
20 September 2016**

Currently

Chief Executive

Fresh Produce Consortium

2004-date

Non-Executive Director

Freshfel (European fresh

produce trade association)

2004-current

International Federation of

Produce Standards

2006-current

Previously

Managing Director

Univeg

2000-2004

ERFP

1996-2000

Senior Management

H J Heinz

1988-1996

Department of Agriculture,

Scotland

1982-1988



Glyn Smith

**Authority Member
from 21 September 2007**

**Appointed to
20 September 2016**

Currently

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

Previously

Group Finance Director
Portman Building Society
1999-2006

Divisional Director
Barclays Bank
1991-1999

Non-Executive Directorships
Domestic & General Group PLC
2004-2007

Stroud & Swindon
Building Society
2007-2010

Bournemouth University
2003-2010
NHS Dorset
Bournemouth & Poole
2006-2013

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



Teresa Wickham

**Authority Member
from 21 September 2013**

**Appointed to
20 September 2016**

Currently

Chief Executive
TWA Communications

Member
Harvard Business School
PAPSAC Committee
London Food Board

Worshipful Company
of Farmers

Ambassador
Tomorrow's People

Previously

Adviser
Sainsbury's Agricultural team

Governor
Royal Agricultural University
 Cirencester

National Chairman
Women's Farming Union
1979-1985

02GO
2000-2002

Director
Safeway Stores
1990-1996

Chair
London Tourist Board
2000-2002



Archie Robertson OBE

**Authority Member
from 1 July 2013**

**Appointed to
30 June 2016**

Currently

Chairman
Rapid5D Ltd
2010

Board of Trustees
Living Streets
2012

Via Verde Inc
2011

Director
Ardnish Experiences Ltd
2015-date

Previously

Strategic Adviser
Happold Consulting Ltd
2013-2014

Chief Executive
David MacBrayne Group
2010-2012

The Highways Agency
2003-2008

Non-Executive Director
Capita Symonds Ltd
2008-2011

ASI plc
2009-2010

Operations Director
The Environment Agency
1995-2003



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5 Year Summary of Financial Statements

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
1 Gross income including finance income	15,876	16,767	18,038	17,777	17,992
2 Gross expenditure including depreciation	(14,112)	(14,619)	(14,880)	(16,022)	(16,168)
3 Surplus before redevelopment project costs	1,764	2,148	3,158	1,755	1,824
4 Disposal of Assets	-	-	-	-	11,274
5 Redevelopment project costs	(3,922)	(2,905)	(1,176)	(908)	(444)
6 Surplus/(deficit) for the year	(2,158)	(757)	1,982	847	12,654
7 Corporation tax & deferred tax	(384)	42	62	108	(2,002)
8 Net profit/(loss) after accounting for tax	(2,542)	(715)	2,044	955	10,652
9 Capital & reserves	9,902	8,685	10,298	10,448	11,584

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

We have audited the financial statements of Covent Garden Market Authority ('the Authority') for the year ended 31 March 2016 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Members of the Authority to assist them in meeting their responsibilities to the Secretary of State for Environment, Food and Rural Affairs, in accordance with the Covent Garden Market Acts 1961 to 1977 and for no other purpose. Our audit work has been undertaken so that we might state to the Members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and Auditor

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

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

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the FRC's website at

www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Authority's affairs as at 31 March 2016 and of its profit for the year then ended;
- Have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Covent Garden Market Acts 1961 to 1977.

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

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

Matters on which we are required to report by exception

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

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

Income Statement for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Revenue	2	16,372	16,179
Government cost of capital subsidy	1n	1,530	1,530
		17,902	17,709
Operating expenditure			
Operating costs (excluding staff costs)	3	(10,266)	(10,458)
Board members and staff costs	9	(2,040)	(2,386)
Depreciation	11	(1,764)	(1,093)
Government cost of capital charge	1n	(2,030)	(2,030)
Operating profit (before redevelopment project costs)		1,802	1,742
Redevelopment project costs	1q & 4	(444)	(908)
Operating profit (after redevelopment project costs)		1,358	834
Profit on sale of fixed assets		11,274	-
Finance income	5	90	68
Finance costs	8	(68)	(55)
Profit before taxation		12,654	847
Taxation	10	(2,002)	108
Profit for the financial year		10,652	955

Statement of Comprehensive Income for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Profit for the financial year		10,652	955
Other comprehensive income for the year			
Actuarial profit/(loss) on defined benefit pension plan	14	839	(1,006)
Income tax associated with actuarial (profit)/loss on pension liability	16	(151)	201
Total comprehensive income for the year		11,340	150

Statement of Financial Position as at 31 March 2016

	Note	2016 £'000	2015 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	4,755	5,286
Deferred tax asset	16	245	457
Total non-current assets		5,000	5,743
Current assets			
Trade and other receivables	12	908	2,408
Cash and cash equivalents	13	17,452	14,053
Total current assets		18,360	16,461
Total assets		23,360	22,204
Equity and liabilities			
Equity			
Reserve fund		400	400
Retained earnings		11,184	10,048
Total equity		11,584	10,448
Non-current liabilities			
Deferred capital government grants	15	157	317
Deferred tax liabilities	16	235	294
Employee retirement benefit obligations	14	1,360	2,283
Total non-current liabilities		1,752	2,894
Current liabilities			
Trade and other payables	17	8,474	8,062
Current portion of deferred capital government grants	15	160	160
Current tax liabilities		1,390	640
Total current liabilities		10,024	8,862
Total liabilities		11,776	11,756
Total equity and liabilities		23,360	22,204

The accounts were approved by the Authority's Board and were signed on its behalf on 27 June 2016 by:

P Alexander OBE Chair

J Lloyd Chief Executive Officer

27 June 2016

Statement of Changes in Equity for the year ended 31 March 2016

	Reserve fund £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2014	400	9,898	10,298
Profit for the year	-	955	955
Other comprehensive loss	-	(805)	(805)
Total comprehensive income for the year	-	150	150
Balance at 31 March 2015	400	10,048	10,448
Profit for the year	-	10,652	10,652
Other comprehensive profit	-	688	688
Total comprehensive income for the year	-	11,340	11,340
Dividends paid		(10,204)	(10,204)
Balance at 31 March 2016	400	11,184	11,584

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

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

Statement of Cash Flows for the year ended 31 March 2016

Note	2016 £'000	2015 £'000
Operating cash flow (before redevelopment project costs)	5,413	3,253
Operating cash outflow relating to redevelopment project costs	(531)	(869)
Cash flow from operating activities	4,882	2,384
Income taxes paid	(1,250)	(560)
Net cash inflow from operating activities	3,632	1,824
Dividends paid	(10,204)	-
Cash flow from investing activities		
Interest received	90	68
Purchases of property, plant and equipment	(1,493)	(1,986)
Proceeds on disposal of Covent House	11,374	-
Net cash outflow from investing activities	9,971	(1,918)
Net increase/(decrease) in cash and cash equivalents	3,399	(94)
Cash and cash equivalents at beginning of year	14,053	14,147
Cash and cash equivalents at end of year	17,452	14,053

Notes to the Accounts for the year ended 31 March 2016

1 Accounting policies

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

a Basis of preparation

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

Details of the statutory Direction under which the Accounts for 2015/2016 have been prepared are as follows:

- i The Authority shall, as soon as possible after the end of each of its accounting periods, make a full report to the Secretary of State on the exercise and performance by it of its powers and duties during that period.
- ii The Authority shall keep proper accounts and proper records in relation to the accounts and shall prepare in respect of each accounting period a statement of accounts in such form as the Secretary of State, with the approval of the HM Treasury, may direct, being a form which shall conform to the best commercial standards.
- iii The accounts of the Authority shall be audited by auditors to be appointed by the Authority with the approval of the Secretary of State, and a person shall not be qualified to be so appointed unless he is a member of one or more of the following bodies:
 - The Institute of Chartered Accountants in England & Wales
 - The Institute of Chartered Accountants in Scotland
 - The Association of Chartered Certified Accountants
 - The Institute of Chartered Accountants in Ireland
 - Any other body of accountants established in the United Kingdom and for the time being recognised for the purposes of Paragraph (a) of Subsection (i) of Section 161 of the Companies Act 1948 by the Board of Trade.
- iv The report required by subsection (i) of this section for any accounting period shall set out any direction given to the Authority under Sections 37, 42, 44 or 45 of the Covent Garden Market Act 1961 (as amended) during that period and shall include such information relating to the plans, and past and present activities, of the Authority and the financial position of the Authority, as the Secretary of State may from time to time direct.
- v There shall be attached to the said report for each accounting period a copy of the statement of the accounts in respect of that period and a copy of any report made on the statement by the auditors.

- vi The Authority shall furnish to the Secretary of State such returns or other information relating to the property or activities or proposed activities of the Authority as the Secretary of State may from time to time require, and shall afford him facilities for the verification of information furnished by them in such manner and at such times as he may require.
- vii The Secretary of State shall lay a copy of each report made to him under subsection (i) of this section and of the statement attached thereto before each House of Parliament, and copies of each such report and statement shall be made available to the public at a reasonable price.

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

b Critical accounting judgements and key sources of estimation uncertain

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

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

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

i Recoverability of trade and other receivables

The trade debtors and other receivables balances in the Authority's statement of financial position relate to numerous customers with small individual balances.

All individual balances are reviewed on a month by month basis. Whilst every attempt is made to ensure that any bad debt provision is as accurate as possible, there remains a risk that the provisions do not match the level of debt which may ultimately prove to be uncollectible. The carrying amount of the Authority's receivables in these accounts, net of provisions, is £0.862m (2014/15: £2.372m).

ii Post retirement benefits

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

See notes 1i and 14 for further details.

iii Provision for taxation

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

See also note 10.

c New standards and interpretations

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

The following new International Financial Reporting Standards ('IFRS') were effective for the year ended 31 March 2015:

- Amendments to IAS 40: Investment Property
- Amendments to IAS 19: Defined Benefit Plans - Employee Contributions
- Amendments to IFRS 13: Fair Value Measurement - short-term receivables and payables
- Amendments to IAS 16: Property, Plant and Equipment - revaluation method - proportionate restatement of accumulated depreciation
- Amendments to IAS 24: Related Party Disclosures - key management personnel.

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

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

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

- Amendments to IAS 16: Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 19: Employee Benefits - regional market issue
- Amendments to IAS 1: Presentation of Financial Statements
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (not yet endorsed by EU)
- Amendments to IAS 7: Statement of Cash Flows- Disclosure initiative (not yet endorsed by EU)

- Amendments to IFRS 9: Financial Instruments (not yet endorsed by EU)
- Amendments to IFRS 15: Revenue from Contracts with Customers (not yet endorsed by EU).

The members do not anticipate that the adoption of these standards and interpretation will have a material impact on the accounts. Certain of these standards and interpretations may require additional disclosures over and above those currently included in the accounts in the period of application.

d Property, plant and equipment

i Properties

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

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

ii Plant and equipment

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

iii Assets in the course of construction

Since the Development Agreement between CGMA and VSM went unconditional on 9 April 2015, the criteria for capitalisation has now been met. Assets in the course of construction are carried at cost less impairment. Cost includes professional fees, costs of construction and directly attributable staff costs. Depreciation of these assets will commence when they are ready for their intended use.

e Inventories

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

f Impairment of assets

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

other assets, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

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

g Deferred income

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

h Reserve fund

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

i Pensions

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

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

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

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

j Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts.

Deferred tax is determined using tax rates and laws that have been enacted (or substantially enacted) by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

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

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

k Government grants

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

l Revenue

i Rent, sales of services and other income

Revenue is recorded on an accruals basis when the Authority has obtained a right to consideration and is exclusive of value added tax and the amount of any deferred income, where receivable in the year but in relation to future accounting periods.

ii Interest income

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

m Financial instruments

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

i Loans and receivables

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

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

ii Cash and cash equivalents

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

iii Trade and other payables

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

See note 20 for further details on financial instruments and risk management.

n Cost of capital charge

Defra levies a cost of capital charge on the Authority in accordance with guidance set out in the Treasury Consolidated Budgeting Guidance. The charge represents the notional cost to the government of holding assets. In 2014/15 and 2015/16, the charge was calculated by reference to a valuation by DVS - Valuation Office Agency as at 31 March 2009 and a 3.5% rate of return. Defra pays a subsidy to the Authority which contributes towards the payment of the charge.

o Payment of creditors

Unless subject to a dispute the Authority's practice is to pay all accounts in accordance with the terms agreed at the time of placing the contract or order. Two purchase days (2014/15 - three purchase days) were outstanding on the purchase ledger at the year end.

p Ultimate controlling party

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

q Redevelopment project costs

Costs arising from the project to redevelop the market, including developing and testing the plans, are classified as 'redevelopment project costs' and have been part of operating expenditure prior to the Development Agreement becoming unconditional.

2 Revenue

	2016 £'000	2015 £'000
Income from tenants		
Rents	5,051	4,465
Recoveries from tenants	7,151	7,430
Other income		
Commercial vehicle charges	1,253	1,239
Car and coach parking charges etc	815	1,019
Sunday Market	966	971
Miscellaneous receipts	303	296
	15,539	15,420
Recharge of relocation costs	833	759
	16,372	16,179

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

3 Operating costs (excluding staff costs)

	Note	2016 £'000	2015 £'000
Market security		1,244	1,072
Rates		545	675
Maintenance, repairs and renewals		1,301	1,591
Cleaning and waste		2,939	2,591
Heat, light and power		2,226	2,189
Insurance		446	445
Printing, stationery and telephone		60	73
Professional fees		238	340
Auditor's remuneration: audit services	7	31	27
Auditor's remuneration: other services	7	54	50
Bad debt provision		50	(312)
Publicity		230	256
Sunday Market operating costs		402	409
General expenses		419	366
Costs reimbursed		81	686
		10,266	10,458

4 Redevelopment project costs

	2016 £'000	2015 £'000
Project costs	444	908
	444	908

5 Finance income

	2016 £'000	2015 £'000
Interest receivable:		
On market activities	77	52
On funds invested following the sale of Market Towers	13	16
	90	68

6 Operating profit for the year is stated after charging

	Note	2016 £'000	2015 £'000
Depreciation of property, plant and equipment		1,764	1,093
Staff costs	9	2,040	2,386
		3,804	3,479

7 Auditor's remuneration

	2016 £'000	2015 £'000
Fees payable to the Authority's auditor for the audit of the Authority's annual accounts	31	27
Fees payable to the Authority's auditor for other services:		
Relating to taxation	49	44
Relating to other services	2	3
Fees payable to the Authority's auditor in respect of associated pension schemes	3	3
	54	50

8 Finance costs

	Note	2016 £'000	2015 £'000
Net interest costs on pension	14	68	55
		68	55

9 The Members and Staff Costs

The Members of the Authority during the year were:

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

The Chair was the highest paid member. During the year the Chair's emoluments were £42,000 in relation to base salary and related benefits. In addition members are reimbursed for expenses incurred in fulfilling their duties. Any tax that arises on the reimbursed expenses is paid by the Authority to the Member in the form of additional remuneration. During the year the Chair was paid £3,748 (2014/15: £nil) in respect of tax on reimbursed expenses incurred since her appointment. The emoluments of the Chair in 2014/15 were £42,000.

Other Members' emoluments were in the following ranges:

	2016	2015
£0 - £5,000	-	-
£5,001 - £10,000	-	-
£10,001 - £15,000	4	5
£15,001 - £20,000	2	1

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

The Principal Officers of the Authority during the year were:

	Age	Remuneration 2016 £	Remuneration 2015 £
Mrs J Lloyd, Chief Executive Officer	55	197,763	222,569
Mr C Morton, Finance Director/Secretary (retired 31.12.15)	65	125,529	166,977
Mr R Marlow, Operations Director	65	115,526	120,361
Mrs H Evans, Business Development & Support Director	58	84,738	99,300
Mr C Townend, Project Director (resigned 3.10.15)	44	75,938	127,898
Mr M Weatherald, Property & Project Director (started 1.12.15)	53	46,667	-

The principal Officers of the Authority are also considered key management, being persons responsible for the planning, controlling and directing the activities as defined in IAS24 Related Party Disclosures.

A number of Principal Officers received a specific retention payment during 2014/15 which was not part of the remuneration during 2015/16.

The Authority contributed 10% or 15% (2014/15: 10% or 15%) of pensionable salaries to a Pension Plan for each

applicable officer with the exception of Jan Lloyd who received payment in lieu of pension included in the above of £17,995 (2014/15: £17,952.) The total of contributions for the other principal officers for the year amounted to £63,343 (2014/15: £48,078).

The employer's national insurance on the remuneration of the above officers of the Authority amounted to £81,120 (2014/15: £93,291).

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

	2016	2015
Administration	36	36
Porters	-	4
	36	40

Staff costs for the above persons were:

	2016 £'000	2015 £'000
Board Members - aggregate emoluments	131	137
Wages and salaries	1,592	1,739
Redundancy costs	-	162
Social security costs	167	185
Pension service costs	150	163
	2,040	2,386

The following number of employees received salaries in the ranges:

	2016	2015
£0 - £10,000	4	5
£10,001 - £20,000	6	4
£20,001 - £30,000	4	13
£30,001 - £40,000	9	11
£40,001 - £50,000	6	4
£50,001 - £60,000	1	3
£60,001 - £70,000	4	2
£70,001 - £80,000	-	1
£80,001 - £90,000	3	1
£90,001 - £100,000	-	1
£110,001 - £120,000	1	-
£120,001 - £130,000	1	2
£140,001 - £150,000	1	-
£160,001 - £170,000	-	1
£190,001 - £200,000	1	-
£220,001 - £230,000	-	1

Expenses

The total of expenses paid and reimbursed to Chair, Members and employees for travel and entertainment (including meetings) amounted to £13,725 in the year ended 31 March 2016 (2014/15: £15,583).

Pay Multiples

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

The mid-point of the banded remuneration of the highest-paid officer in the financial year 2015/16 was £200,000 (2014/15: £225,000) this was 5.46 times (2014/15: 7.03) the median

remuneration of the workforce, which was £36,653 (2014/15: £32,000).

In 2015/16 nil (2014/15: nil) employees received remuneration in excess of the highest paid officer; remuneration ranged from £17,828 to £125,529 (2014/15: £18,285 to £166,977).

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

The change in the multiple brought about by the change in the salary amounts on both sides of the ratio is due the amount of bonuses and retention payments paid to staff and to the highest paid officer.

10 Taxation

	Note	2016 £'000	2015 £'000
UK Corporation Tax on profits for the year		2,466	554
Adjustment to previous year's tax provision		(466)	(585)
Total current tax		2,000	(31)
Deferred tax	16	2	(77)
Total deferred tax		2	(77)
Total tax charge/(credit)		2,002	(108)

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

	2016 £'000	2015 £'000
Tax reconciliation		
Profit before taxation	12,654	847
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2014/15: 21%)	2,531	178
Tax effects of:		
Expenses not allowable for taxation	669	285
Capital allowances in excess of depreciation	140	-
Adjustments to tax charges in respect of previous years	(466)	(585)
Income not taxable for tax purposes	(843)	-
Adjust closing deferred tax to 20% (2014/15: 21%)	(29)	14
Total tax charge/(credit) for the year	2,002	(108)

11 Property, plant and equipment

	Freehold land & buildings £'000	Leasehold land & buildings £'000	Plant, equipment & motor vehicles £'000	Total £'000
Cost				
At 31 March 2014	11,963	837	3,607	16,407
Additions	1,124	330	532	1,986
Disposals	-	-	(243)	(243)
At 31 March 2015	13,087	1,167	3,896	18,150
Additions	704	275	514	1,493
Disposals	(607)	-	(672)	(1,279)
At 31 March 2016	13,184	1,442	3,738	18,364
Depreciation				
At 1 April 2014	8,185	827	2,842	11,854
Charge for the year	947	3	303	1,253
Disposals	-	-	(243)	(243)
At 31 March 2015	9,132	830	2,902	12,864
Charge for the year	1,155	273	496	1,924
Disposals	(507)	-	(672)	(1,179)
At 31 March 2016	9,780	1,103	2,726	13,609
Net book value				
At 31 March 2016	3,404	339	1,012	4,755
At 31 March 2015	3,955	337	994	5,286

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

	2016 £'000	2015 £'000
Total depreciation charge to revenue	1,924	1,253
Depreciation charge to capital grant	(160)	(160)
	1,764	1,093

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

Land & Buildings

- a Land and buildings were last valued at 31 March 1977 by Knight Frank at a level of £16.1m. This amount has been treated as being the historical cost of the assets.

The current cost of £14.6m (2014/15: £14.3m) takes into account this valuation after allowing for approximately £15.4m of additions and £17.6m of disposals.

The original cost of the freehold land and buildings, after allowing for grants, amounted to £28.048m. At the time of the above-mentioned valuation the carrying value was £25.9m, some £9.8m higher than the valuation.

The value of land not depreciated is £0.4m (2014/15: £0.4m).

- b Except for long leaseholds valued at £0.1m at 31 March 1977 plus subsequent additions at cost amounting to £1.4m, all properties at Nine Elms are freehold.
- c The Redevelopment Agreement between CGMA and our development partner, VINCI St. Modwen, went unconditional during April 2015, enabling work to start on the redevelopment. As part of the redevelopment our existing freehold and leasehold buildings will be replaced over a period of a number of years. Set out on page 9 of the Report and Accounts is an overview of the redevelopment schedule. At the year end 31 March 2016 the ground works had begun on the Interim Flower Market, which is currently due to be completed in early 2017, coupled with work in relation to the multi storey car park.

The Development Agreement provides a schedule for delivery of new buildings, coupled with the mechanisms for payment, primarily being the transfer of land surplus to CGMA's requirements for the new market, to the developer. CGMA is not required to make any payments to the developer until the first transfer of land has been made. The Development Agreement also contains numerous provisions allowing the timing of the delivery to be altered beyond the control of CGMA.

At the year end 31 March 2016 the developer has been unable to provide CGMA with an estimate of the costs incurred to date in respect to the development agreement. The lack of current financial information as to the cost of the construction-in-progress has resulted in CGMA being unable to make a reliable estimate of the asset to be included within

tangible fixed assets under construction and related liability to recognise; there is no impact of the Income Statement.

CGMA is working with the developer to ensure that reliable financial information can be provided in the future to enable the recognition of the asset and related liability.

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

	2016 £'000	2015 £'000
Cost	10,137	10,137
Accumulated depreciation	(9,312)	(8,623)
Net book value	825	1,514

12 Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	244	187
Less: provision for impairment	(99)	(80)
Trade receivables, net	145	107
Other receivables	717	2,265
Prepayments	46	36
	908	2,408

A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms.

The Authority considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired.

	2016 £'000	2015 £'000
Provisions for impairment of trade receivables:		
As at 1 April 2015	80	525
Impairment losses reversed	50	(312)
Uncollected amounts written off, net of recoveries	(31)	(133)
	99	80

As at 31 March 2016, trade receivables of £0.1m were considered to be impaired (2014/15: £0.1m).

As at 31 March 2016 trade receivables of £nil (2014/15: £nil) were past due but not impaired.

Other receivables do not contain impaired assets.

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

13 Cash and cash equivalents

	2016 £'000	2015 £'000
Bank deposits - sterling	16,032	9,532
Cash at bank and in hand - sterling	1,420	4,521
	17,452	14,053

Cash balances of £2.0m (2014/15: £2.2m) 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.

14 Employee retirement benefits

The Authority made payments to a defined contribution Pension Fund which it does not administer of £0.2m (2014/15: £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 Scottish Widows plc, using the accrued benefit method of valuation and the projected unit method to determine the funding requirement triennially.

The most recent actuarial valuation at 6 April 2015 has been updated for IAS19 purposes as at 31 March 2016.

The scheme ceased the accrual of future benefits with effect from 31 March 2011. However, the salary link for members

who remain in employment with the Authority has been retained. This change has been taken into account in the 31 March 2016 IAS 19 calculation.

The Authority expects to make a contribution of £168,000 to this defined benefit pension plan in the year to 31 March 2017.

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

The IAS19 valuation was prepared by David Watson - 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:

	2016	2015
Inflation:	3.3%	3.2%
Salary escalation:	4.3%	4.2%
Increase to pensions in payment:	3.2%	3.2%
Increase in deferment:	3.3%	3.2%
Discount rate (pre and post retirement):	3.7%	3.1%
Mortality assumptions:		
Life expectancy at 65 at year end:		
Future pensioners - male	110% PNA00	110% PNA00
Future pensioners - female	110% PNA00	110% PNA00
Current pensioners - male	110% PNA00	110% PNA00
	MCMIN 1.5%	MCMIN 1.5%
Current pensioners - female	110% PNA00	110% PNA00
	MCMIN 1.5%	MCMIN 1.5%

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

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

Assumption	Estimated increase/(decrease) to obligation		Estimated increase/(decrease) to obligation	
	Plus	£'000	Minus	£'000
Discount rate	0.1%	(109)	0.1%	112
RPI	0.1%	149	0.1%	(150)
Salary	0.1%	16	0.1%	(15)
Age of member	1 year	(263)	1 year	271

The assets and liabilities of the plan are as follows:

	2016 £'000	2015 £'000
Group pension contract	4,455	4,642
Cash and other	-	273
	4,455	4,915
Present value of plan liabilities	(5,815)	(7,198)
Deficit in the plan	(1,360)	(2,283)

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

	2016 £'000	2015 £'000
Interest income related to plan assets	149	203
Interest expense on retirement benefit obligations	(217)	(258)
	(68)	(55)

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

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

	2016 £'000	2015 £'000
Actual return less expected return on pension scheme assets	(388)	160
Experience gains and losses arising on the scheme liabilities	376	(68)
Change in demographic assumptions	26	-
Changes in assumptions underlying the present value of the scheme liabilities	825	(1,098)
	839	(1,006)

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

	2016 £'000	2015 £'000
Deficit in scheme at beginning of year	(2,283)	(1,373)
Contributions net of administration charge	152	151
Other finance cost	(68)	(55)
Actuarial gain/(loss)	839	(1,006)
Deficit in scheme at end of year	(1,360)	(2,283)

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

	2016 £'000	2015 £'000
At the start of the year	4,915	4,857
Interest income	149	203
Actuarial gains/(losses)	(388)	160
Employer contributions	168	168
Administration costs (excl asset management costs)	(16)	(17)
Benefits paid out	(373)	(456)
At the end of the year	4,455	4,915

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

	2016 £'000	2015 £'000
At the start of the year	7,198	6,230
Interest cost	217	258
Actuarial (gains)/losses	(1,227)	1,166
Benefits paid out	(373)	(456)
At the end of the year	5,815	7,198

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

	2016	2015	2014	2013	2012
Difference between actual and expected return on scheme assets:					
Amount (£'000)	(388)	160	(199)	262	299
Percentage of scheme assets	(8.7%)	3.3%	(4.0%)	5.2%	6.5%
Experience gains/(losses) on scheme liabilities:					
Amount (£'000)	376	(68)	(153)	27	12
Percentage of the present value of scheme liabilities	6.4%	(0.9%)	(2.5%)	0.5%	0.2%
Total amount recognised in statement of comprehensive income:					
Amount (£'000)	839	(1,006)	(539)	(660)	59
Percentage of the present value of the scheme liabilities	14.4%	(14%)	(8.7%)	(11%)	1.2%
Total assets and liabilities of the scheme:					
Total fair value of scheme assets	4,455	4,915	4,857	5,077	4,581
Total present value of scheme liabilities	5,815	(7,198)	(6,230)	(5,995)	(5,029)

15 Government grants

	2016 £'000	2015 £'000
Current portion	160	160
Non-current portion	157	317
	317	477

16 Deferred taxation

	2016 £'000	2015 £'000
Deferred tax assets	245	457
Deferred tax liabilities	(235)	(294)
	10	163

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

	Capital allowances £'000	Retirement benefit obligations £'000	Total £'000
At 31 March 2014	(390)	275	(115)
Credited to the income statement	96	(19)	77
Credited to other comprehensive income	-	201	201
At 31 March 2015	(294)	457	163
Credited to the income statement	59	(61)	(2)
Credited to other comprehensive income	-	(151)	(151)
At 31 March 2016	(235)	245	10

17 Trade and other payables

	2016 £'000	2015 £'000
Trade payables	82	97
Other tax and social security payable	158	574
Accruals and deferred income	6,193	5,154
Deposits from tenants	2,027	2,224
Pension contributions March 2016	14	13
	8,474	8,062

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

18 Cash flow from operating activities

	2016 £'000	2015 £'000
Profit before taxation	12,654	847
Net finance income	(22)	(13)
Operating profit	12,632	834
Profit on disposal of fixed assets	(11,274)	-
Total depreciation charge	1,924	1,253
Net employer contribution after administration cost	(152)	(151)
Amortisation of Defra grant	(160)	(160)
Operating cash inflow before changes in working capital	2,970	1,776
Decrease in inventories	-	20
Decrease/(increase) in trade and other receivables	1,500	(1,837)
Increase in trade and other payables	412	2,425
Net cash inflow from operating activities	4,882	2,384

19 Future expected dividend payment

Following recent discussions with Defra, the Authority has an expectation that further dividends may be payable in the future subject to performance and availability.

20 Financial instruments

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

The Authority's trade and other receivables and cash equivalents are classified as 'Loans and receivables', and trade and other payables are classified as 'Financial liabilities measured at amortised cost'. The carrying values of the Authority's loans and receivables and financial liabilities measured at amortised cost approximate 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 2016 is as follows:

	2016 Trade and other payables £'000	2015 Trade and other payables £'000
On demand	5,915	5,293
Less than 1 month	1,018	1,343
1 to 3 months	946	1,140
3 to 6 months	595	228
6 to 12 months	-	58

Currency risk

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

Interest rate risk

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

Interest rate profile

	2016 £'000			2015 £'000		
	Fixed	Floating	Total	Fixed	Floating	Total
Cash	-	1,420	1,420	-	4,521	4,521
Short-term deposits	8,000	8,032	16,032	6,000	3,532	9,532
	8,000	9,452	17,452	6,000	8,053	14,053

The weighted average interest rate for the fixed rate deposits is 0.46% (2014/15: 0.54%) and the weighted average days until maturity is 39 days (2014/15: 40 days). The cash deposits are held on call at BBVA at 0.52% (2014/15: 0.65%). Should floating interest rates decrease by 1%, potential profit and equity of the Authority for the year would decrease by £0.077m (2014/15: £0.052m).

Credit risk

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

See note 12 for more detail.

Other market risks

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

Capital risk management

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

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

21 Related party transactions

Under provisions of IAS 24 Related Party Disclosures, the following parties are regarded as related parties of the Authority:

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

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

In 2004 Defra approved a capital grant of £1.675m for capital works to be performed in the years 2004/05 and 2005/06. At 31 March 2016, all of the grant had been received and expenditure incurred.

See note 1n in respect of a cost of capital charge of £2.0m (2014/15: £2.0m) and associated subsidy.

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

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

See note 14 for details of transactions and balances with the pension plan.

Related due to other reasons

None.

22 Capital commitments

On 7 January 2013, the Authority entered into a conditional Development Agreement with VSM (NCGM) Limited (VSM) for the redevelopment of New Covent Garden Market in exchange for options to VSM to receive surplus Authority land. The Authority and VSM having satisfied the conditions, the Development Agreement became unconditional on 9 April 2015.

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

There were no other capital commitments authorised or contracted for as at 31 March 2016 (2014/15: nil).

23 Contingent liabilities and assets

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

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

A contingent liability and asset exists in relation to the market redevelopment. Further disclosure is provided in note 11(c).

24 Events after the reporting period

Following the resignation of the current Chief Executive Officer during the year 2015/16, an appointment has been made for the new Chief Executive Officer.

There were no other material events after the reporting period.

The Authority's Management Appendix I

The Authority's key staff members as at 31 March 2016 were as follows:

Jan Lloyd	Chief Executive Officer
Bob Marlow	Commercial Operations Director
Helen Evans	Business Development & Support Director
Mark Weatherald	Property & Project Director

Business Development

Beth Stephens	Project Liaison Manager
Alastair Owen	Communications Manager

Note: Fred Knipe was appointed Finance Director on 3 May 2016

Finance

Russell Scott	Finance Manager
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Operations

Jo Breare	Facilities Manager
Colin Corderoy	Operations Manager

Property

Richard McAuley	Property Manager
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Statutory Committees Appendix II

Membership of the Committees during the year was as follows:

Joint Management Advisory Committee: Flowers

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

Joint Management Advisory Committee: Food

Jan Lloyd	Chairman, CGMA
Clive Morton	ex officio
Gary Marshall	Bevington Salads
Steve McVickers	Capespan
Robert Hurren	County Supplies (London) Ltd
Ian Leggat	Defra
A Sole	E A Williams (CG) Ltd
Michael Hickey	Eurofrutta
Dan McCullough	First Choice Fruit Ltd
Nigel Jenney	Fresh Produce Consortium
Peter Fowler	Gilgrove
Andrew Dorling	H G Walker Ltd
Gary McKechnie	Harbour and Jones
Jack Henley	Henley Transport
Steve Tones	Horticultural Development Agency
Rick Harris	I A Harris & Son Ltd
Jeremy Boxall	LEAF (Linking Environment And Farming)
Paul Ryan	Linkclass Ltd
Giovanni Lapi	Nature's Choice
Pam Lloyd	Pam Lloyd Associates
Jason Tanner	Premier Fruit
Andrew Thorogood	S Thorogood & Sons
David Mulcahy	Sodexo UK & Ireland
Shahid Mirza	Tropical Catering
Gary Hunter	Westminster Kingsway

Market Traffic Advisory Committee

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

Market Workers' Advisory Committee

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





55th Report & Accounts 2015/2016
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