Annual Report and Accounts

Improving fairness for suppliers

HC 648

1 April 2021 – 31 March 2022
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### Contact the GCA

www.gov.uk/gca  
enquiries@groceriescode.gov.uk  
020 7215 6537  

Report a Code-related issue in confidence  
tellthegca.co.uk
Performance report
Overview

This section of the Annual Report explains the role and purpose of the Groceries Code Adjudicator (GCA). It also covers the GCA’s objectives, performance and the impact and management of key risks.

The performance report opens with a foreword from the Adjudicator, Mark White.

For information on significant activities relating to past reporting periods please refer to the Annual Report and Accounts for 2020/21 and preceding years.

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Foreword
This is the ninth annual report of the GCA and follows a year of challenges and rapid change for the industry.

Throughout the year I have responded to these challenges to ensure that the designated retailers (Retailers) treat their direct suppliers lawfully and fairly. Despite the rapidly changing environment, I have continued to make progress in tackling issues already facing suppliers.

Inflation impacted the entire economy and the groceries sector was not spared. Retailers that I regulate have received rapidly rising numbers of requests for cost price increases (CPI) from their suppliers. The outcome of such requests is a commercial matter for Retailers and suppliers, not a Code issue. However, I am aware that the sheer number of requests can strain the relationships between Retailers and suppliers. In January 2022 I published my 7 Golden Rules for responding to a CPI request, based on best practice behaviour I have seen from Retailers. All the 13 then-designated Retailers engaged with this process and confirmed they were committed to improving how they responded to such requests. I will continue to engage with Retailers and suppliers in the coming year to ensure that these requests are dealt with fairly.

The sector has also experienced shortages across supply chains, including cost and availability issues for CO₂ gas, HGV drivers and other labour shortages. These have led to logistical issues and difficulties getting products on shelves. I have discussed these challenges with Retailers, reminding them of the need to continue to treat suppliers fairly. For example, I raised with Retailers when and how they were passing on costs to those suppliers that use Retailers’ own logistics services. The issue had a significant impact initially but it soon passed, suggesting that the industry was able to change processes to react quickly to the problem. However, this does remain a difficult issue for some suppliers reliant on these logistical services.

I also heard concerns from suppliers about a range of other issues affecting the effectiveness of their relationships with Retailers. For example, detailed interviews conducted for me by YouGov highlighted the difficulties some suppliers have faced when working with less experienced buyers who may not understand their businesses. Suppliers have found that these buyers lack knowledge about the Code and the category that they are working in. They have been frustrated when they have built a relationship with a buyer and educated them about their business, only for the buyer to change roles.

As part of my whole-house approach to Code compliance, I have raised these concerns with Retailers and encouraged them to consider how they can keep their buyers in post for longer. This approach has brought improvement, with some Retailers intending to reduce the frequency with which their buyers move roles. I will remain focussed on this issue.
Amazon.com, Inc. (Amazon) was designated on 1 March 2022, and I have engaged promptly with the company to ensure it moves quickly to ensure compliance. I met its CCO shortly after the designation, and will continue to meet frequently with Amazon senior leaders in 2022/23. Newly designated Retailers are afforded a short transition period to bring themselves in line with the Code, and I will continue to work closely with Amazon during this period to ensure that they are treating their direct groceries suppliers lawfully and fairly. Through my early engagement with Amazon the 7 Golden Rules for CPIs have been incorporated into their internal guidance for the grocery buying teams.

Suppliers continue to be affected by retrospective audits. The GCA had previously reached agreement with almost all of the Retailers to limit the time during which each party can reopen audit claims, which was extended to J. Sainsbury plc on 6 March 2022. During 2021/22 I built on this by developing a best practice statement on retrospective audits. The then-designated 13 Retailers signed up to the statement, committing them to conduct audits in a transparent way to reduce the number of invalid claims. I am working with Amazon on this issue to secure their commitment.

I have been able to respond to issues as they emerge using my strong relationships with Retailers, suppliers and other industry stakeholders. During the past year, I have held regular meetings with the Code Compliance Officers (CCOs) across the 13 Retailers and I have also met the chair of each Retailer’s Audit Committee or an alternative where there is no Audit Committee. In addition, I met many of the Retailers’ Chief Executives and have re-started visits to Retailers, a practice I will continue throughout 2022/23. I will meet the CCO and other representatives of Amazon in line with the other Retailers. I have used these relationships with Retailers to ensure they understand and act swiftly on the concerns of suppliers in relation to the Code.

It has also been important for me to engage with trade bodies and suppliers throughout the reporting period. These meetings helped me to gain a detailed understanding of how Retailers are treating suppliers, and the impact this behaviour has had. My strong message to suppliers is that I am there to support them and that any concerns or feedback on Retailers will be treated confidentially. I intend to continue to meet regularly with a wide range of suppliers in the coming year.

I have contained the operating budget for the office of the GCA and the increased levy proposal for 2022/23 reflects the designation of a 14th Retailer and the additional work that will be required. I am pleased that despite this modest increase in the overall levy, we have been able to reduce the levy paid by each Retailer. In response to the increase in work, I have reshaped my team so that with their support, I can continue to regulate the sector effectively and respond to challenges as they arise.

In line with my desire to hear from Retailers and suppliers, I was delighted that following a one-year absence, we were able to host the annual conference in 2021. More than 500 participants heard a number of valuable presentations including YouGov’s findings from my annual survey and the new deep-dive interviews. I provided an update on my priorities, setting out my response to the evidence from the survey and my expectations of Retailers. I look forward to hosting the 2022 conference in September.

A key moment in the GCA calendar is the annual survey. Each year, this provides vital information on suppliers’ concerns and Retailers’ behaviour. With such pace of change affecting the industry, I was glad to receive over 2,000 responses for the
second successive year and I am grateful to all the Retailers and others who helped to promote it.

The challenging year for the groceries sector was reflected in the survey results. Whilst some Retailers continue to improve their performance, the results overall were more mixed. In the past year, less than half of respondents said they had experienced no issues with the Code, a reduction from 56% in 2021. I asked a new question about CPIs given the effect of inflation on the sector, and a quarter of respondents said they had experienced a refusal to consider a CPI or unreasonable delay in reaching a decision on a CPI request, making this the most common issue reported in the last five years.

Looking ahead, the 2022 GCA survey highlighted forecasting and delay in payments as the top two Code issues concerning suppliers. However, as we saw following the 2021 survey, the priorities raised in the survey can be quickly overtaken by other issues and challenges coming to the surface. In such a rapidly changing industry, I am ready to adapt my focus as necessary to tackle emerging challenges, protect suppliers and ensure industry relationships remain constructive now and in the future.

I look forward to further strengthening my engagement with Retailers, suppliers and trade bodies in the coming year. I believe strong relationships between Retailers and suppliers are critical to ensuring suppliers are treated fairly and that my own relationships with those in the sector enable me to protect that fair treatment. Given experiences in recent years I am certain there will be fresh challenges, but I am confident that with the relationships I have built across the industry, we can overcome them together.

Mark White
Groceries Code Adjudicator and Accounting Officer
1 September 2022
Designated retailers

14

Tens of thousands of direct suppliers

£2m levy from Retailers per annum

11 arbitrations 2013 to 2022

9 sector surveys

C. £0.8m operational expenditure

Formal investigations 2013 to 2022

12 years of the Code

GCA at a glance
2021/22 highlights

1 newly designated Retailer

Over 2,500 responses to the GCA annual survey

Launch of the 7 Golden Rules

500+ participants at the GCA annual conference

Newsletters sent to over 1,250 recipients

Release of best practice statement: forensic auditing

Over 140 meetings and supplier events
About the Groceries Code Adjudicator
Background

The GCA was established on 25 June 2013 by the Groceries Code Adjudicator Act 2013 (the GCA Act).

The appointment of an adjudicator followed from a 2008 report setting out the findings of the Competition Commission market investigation into the groceries sector. The Competition Commission found that while the sector was broadly competitive, some large retailers were transferring excessive risk and unexpected costs to their direct suppliers. Following the Commission’s recommendation, the Government introduced the Groceries (Supply Chain Practices) Market Investigation Order 2009 (the Order) which includes a requirement to comply with the Groceries Supply Code of Practice (the Code).

The Code is designed to regulate the relationship between the retailers designated as falling within the remit of the Code (Retailers) and their direct suppliers. The Competition and Markets Authority (CMA) designates those that come under the Code, reviewing the market each year and designating any retailer which has UK annual groceries turnover of more than £1 billion (as defined by the Order).

At the commencement of the Order in February 2010, there were ten Retailers; this has since increased to 14 Retailers as listed below.

Retailers regulated by the GCA (as at 31 March 2022)

- Sainsbury’s
- Waitrose
- home bargains
- ALDI
- Iceland
- Ocado
- Co-op
- ASDA
- M&S
- Morrisons
- b&m
- Amazon
- Lidl
- Tesco
The original 10 Retailers had some time to set up a voluntary ombudsman. When the self-regulatory approach did not progress, the GCA was established on a statutory basis by the GCA Act.

The GCA is responsible for monitoring and encouraging compliance with and enforcing the Code. The first Adjudicator, Christine Tacon, was appointed on 25 June 2013. The current Adjudicator, Mark White, succeeded Christine Tacon from 31 October 2020, having acted as the Deputy Adjudicator since 21 July 2020.

The GCA is funded by a levy on the Retailers. The levy methodology is reviewed each year and requires the consent of the Secretary of State (SoS) for the Department for Business, Energy and Industrial Strategy (BEIS).

In 2016, the Government undertook a statutory review of the GCA’s performance and effectiveness and at the same time called for evidence on the extension of the GCA’s powers. The results of the review published in July 2017 concluded that the GCA is regarded as an 'exemplary modern regulator with an international reputation'. Following the call for evidence in 2016, Ministers decided not to extend the remit of the GCA.

In July 2020, the Government published the results of a second review, conducted in 2019. This concluded that:

- The GCA continued to be highly effective in enforcing the Code and in exercising its powers.
- The Government would not amend or replace the Groceries Code Adjudicator (Permitted Maximum Financial Penalty) Order 2015 which provides the maximum financial penalty the GCA may impose.
- No order would be made to restrict the information the GCA may consider in deciding whether to carry out an investigation.
- There is still a need for the GCA to ensure Retailers comply with the requirements of the Code.
- The Government will maintain the GCA and ensure it is funded and resourced to carry out its statutory functions under the GCA Act. It will also work with the GCA to continue to raise awareness of the Code to help suppliers feel empowered to raise issues with the GCA and their Retailers directly.
- BEIS will work with the Insolvency Service to help raise awareness of the Code and the GCA with insolvency practitioners and their regulators.

A third statutory review of the GCA will cover the period 1 April 2019 to 31 March 2022. The public consultation was launched on 19 July 2022 and remains open until 11 October 2022.

**Purpose and activities of the GCA**

The GCA is the independent regulator ensuring that the Retailers treat their direct suppliers lawfully and fairly. The goal of the GCA is to promote a stronger, more innovative and more efficient groceries market through compliance with the Code and as a result, to bring better value and choice to consumers.

The GCA works with suppliers and the Retailers to respond quickly to issues and relies on suppliers and others to bring evidence of potential non-compliance to the GCA to achieve this goal. The GCA encourages suppliers, trade associations and other representative bodies to provide
information and evidence about how the Retailers are treating their direct suppliers. The GCA treats all information that it receives confidentially and has a legal duty to preserve anonymity.

Suppliers are also urged to undertake training on the Code and to follow the latest developments and GCA announcements.

At a supplier’s request the GCA must arbitrate in disputes with the Retailers and may also do so following a request from a Retailer. Arbitration awards are binding and may include compensation.

The GCA can launch investigations where he has reasonable grounds to suspect the Code has been broken. If a breach of the Code is found, the GCA can make recommendations, require Retailers to publish details of any breach and, in the most serious cases, impose a fine. The GCA power to fine a Retailer up to 1% of its UK turnover came into force on 6 April 2015. To date, the GCA has carried out two investigations, the first into Tesco in 2015 and the second into the Co-op in 2018.

Under the Code, the Retailers are obliged to deal fairly and lawfully with groceries suppliers across a range of supply chain practices. These include making payments on time; no variations to supply agreements without notice; compensation payments for forecasting errors; no charges for shrinkage or wastage; restrictions on listing fees, marketing costs and delisting. This list is not exhaustive and full details are available on www.gov.uk/gca.

Suppliers protected by the Code are those directly supplying a Retailer with groceries for resale in the UK, including overseas suppliers.

As a small regulator, the GCA must effectively prioritise its activities. When considering whether to launch an investigation and other activities, the GCA applies the following four prioritisation principles, which are set out in its statutory guidance:

```
GCA prioritisation principles

<table>
<thead>
<tr>
<th>Impact:</th>
<th>The greater the impact of the practice raised, the more likely it is that the GCA will take action.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>Whether the proposed action would further the GCA's statutory purposes.</td>
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<tr>
<td>importantn</td>
<td></td>
</tr>
<tr>
<td>Risks and</td>
<td>The likelihood of achieving an outcome that stops breaches of the Code.</td>
</tr>
<tr>
<td>benefits:</td>
<td></td>
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<tr>
<td>Resources:</td>
<td>A decision to take action will be based on whether the GCA is satisfied the proposed action is proportionate.</td>
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</tbody>
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The GCA must carry out its statutory functions as set out in the GCA Act, including protecting the anonymity of suppliers who provide information to him, if that is what they wish. The GCA has developed a modern regulatory approach, working collaboratively with the Retailers to respond to issues raised by suppliers and others and to bring about beneficial change in the sector. If the collaborative approach does not deliver a desired outcome, the GCA can take formal action. When Code-related issues are raised, the GCA follows the stages set out on the next page.
GCA three stage collaborative approach

Stage 1: Make Retailers aware of issues reported by suppliers.

- The GCA will consider whether the issue raised falls within the scope of the Code. If so, the GCA will raise the issue with the Retailers’ Code Compliance Officers (CCOs) for their own action. CCOs work for the Retailers but their reporting lines are independent of the buying teams.
- The GCA will protect the confidentiality of the suppliers when raising issues with the CCOs.

Stage 2: Request that the CCOs investigate the issue and report back to the GCA.

- CCOs will investigate the issue and identify if any action needs to be taken within their organisation. This could include making improvements to systems and processes to reduce the risk of the issue occurring or recurring.
- Depending on the CCO’s findings and action taken by the Retailer, the GCA may issue advice clarifying or interpreting the relevant provisions of the Code for the Retailer and others to follow. Where a Retailer or Retailers accept a breach of the Code has taken place and sufficient action has been taken to resolve it, the GCA may publish a case study on the GCA website.

Stage 3: Take formal action if the practice continues.

- If the GCA continues to hear of suppliers experiencing the same issue it may publish more formal guidance and/or launch an investigation.

Through this process the GCA ensures that issues are raised with, and promptly considered by, the Retailers and that any necessary action is agreed and taken as swiftly as possible. This collaborative approach has a dual benefit. It significantly reduces the cost of regulating the Retailers and it delivers results more quickly.

The GCA does not act as a complaint-handling body, nor can it advise on individual disputes where a supplier seeks a view on whether a Retailer has breached the Code. This is because the GCA may later be asked to arbitrate in the same dispute between the supplier and the Retailer or the GCA may later launch an investigation into the practice raised by the supplier. Providing a view on individual cases could compromise or appear to compromise the GCA’s objectivity later. Instead, the GCA encourages suppliers to approach CCOs directly because they can deal with issues quickly and, where needed, discreetly.

More information is available on the GCA website: [www.gov.uk/gca](http://www.gov.uk/gca).
The office of the GCA

The GCA is a Corporation Sole and an independent regulator sponsored by BEIS. The Adjudicator is supported by a small team of staff, all of whom are seconded from public bodies. Occasionally the GCA calls on additional support from temporary contractors.

The GCA recruits the resources needed in a phased way based on anticipated workload. The current organisation chart is shown below.
The GCA Audit and Risk Committee (see Governance Statement, page 40) is responsible for identifying, monitoring and mitigating issues and risks associated with the operation and administration of the office of the GCA and the exercise of the GCA’s statutory functions.

The principal risks to the reputation of the GCA, and the delivery of its objectives during the reporting period, are summarised below.

<table>
<thead>
<tr>
<th>Risk theme/description</th>
<th>Strategic objective</th>
<th>Key controls and activities to manage risks</th>
<th>Risk rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder management</td>
<td></td>
<td>• This remains a strategic risk and an area of focus for the Adjudicator.</td>
<td>G</td>
</tr>
<tr>
<td>Suppliers do not come forward with evidence</td>
<td></td>
<td>• The ‘tellthegca.co.uk’ online reporting platform allows stakeholders to anonymously raise issues with the GCA at any time in multiple languages with no geographical restrictions.</td>
<td>G</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The GCA has encouraged suppliers to undertake training so that they are knowledgeable about the Code.</td>
<td>G</td>
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<tr>
<td></td>
<td></td>
<td>• Guidance is published on the GCA website on Retailer CCO contact details and their commitment to confidentiality.</td>
<td>G</td>
</tr>
<tr>
<td>Risk theme/description</td>
<td>Strategic objective</td>
<td>Key controls and activities to manage risks</td>
<td>Risk rating</td>
</tr>
<tr>
<td>-----------------------</td>
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</tbody>
</table>
| Operational resilience |                      | • The Adjudicator and his team have made use of online platforms to reach stakeholders, including newsletters, webinars, video conferencing, [tellthegca.co.uk](http://tellthegca.co.uk), QR codes and the GCA website.  
• On 30 September 2021, the GCA successfully held his first annual conference online. The conference provided an opportunity for the GCA to deliver important messages to relevant stakeholders. | G |
| COVID-19 disruption hampering the GCA’s ability to build trusting relationships |                      | • The risk rating has been increased from medium to high.  
• The GCA team has carefully considered how to improve retention.  
• New mitigating strategies have been put into place including:  
  - Placing more emphasis on succession planning within the GCA and starting recruitment early to fill positions.  
  - An ongoing plan to deploy external resource using Crown Commercial Service frameworks in the event of an investigation or other resource intensive activity.  
  - Continuing to review the drafting of adverts, simplifying and clarifying the GCA’s purpose, and describing roles in a way that is accessible to potential applicants. | R |
**Risk theme/description**

- Relations with Retailers
- Collaborative approach with Retailers breaks down

**Strategic objective**

- The Adjudicator has continued to engage regularly with all Retailers through scheduled meetings to discuss specific issues but also holds ad hoc meetings when issues arise.
- Regular meetings were held with all Retailers’ Code Compliance Officers.
- The Adjudicator has broadened his communication with each Retailer through engagement with Audit Chairs, CEOs and buyers ensuring a culture of compliance at all levels.

**Risk rating**

<table>
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<tr>
<th>RAG</th>
<th>Movement</th>
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**Going concern**

The GCA will receive levy income for 2022/23 to fund its activities. The SoS gave consent to the proposed GCA levy for 2022/23 on 10 June 2022. The total proposed levy for 2022/23 is set at £2 million and is evenly split between the Retailers with no variable element. Any additional retailer designated under the Order by the CMA during the year will pay 1/14 of the total levy, pro-rated to reflect the proportion of the GCA financial year remaining. Any levy funds received because of additional designations will increase the size of the total levy for the year to over £2 million. These additional levy funds are necessary to allow the GCA to increase the level of resource required to regulate additional retailers effectively.

Budget pressures are possible should investigations or arbitrations result in accruals where the GCA has not recovered its costs within the year. The GCA has set the levy at an amount estimated to provide the GCA with sufficient funds to cover these circumstances with additional support from BEIS where necessary.

A going concern basis for the preparation of these financial statements has been adopted as appropriate.
Performance Analysis
This section of the GCA Annual Report reviews the GCA’s performance during the 2021/22 reporting period.

Statutory reporting requirements

The GCA’s key performance indicators are set out in the GCA Act as statutory reporting requirements. The four statutory reporting requirements and the performance against these objectives are summarised in the table below.

### GCA statutory reporting requirements and performance in 2021/22

**Disputes referred to arbitration under the Order**
- There was one ongoing arbitration at the end of the prior year reporting period. This was concluded within the 2021/22 reporting period.
- The GCA accepted appointment as arbitrator in two further arbitrations. One was concluded within the 2021/22 reporting period. One was ongoing at the end of the 2021/22 reporting period.

**Investigations carried out by the GCA**
- No new investigations were launched during the reporting period.

**Cases in which the GCA has used enforcement measures**
- No new enforcement measures were used during the reporting period.

**Recommendations that the GCA has made to the CMA for changes to the Code**
- No recommendations for changes to the Code were made to the CMA during the reporting period.

### Strategic objectives

In addition to the statutory reporting requirements, the GCA also monitors its performance against four strategic objectives:

- **Objective 1**: Promoting the work of the GCA;
- **Objective 2**: Providing advice and guidance;
- **Objective 3**: Acting on suppliers’ issues and information; and
- **Objective 4**: Improving the culture of Code compliance.

The GCA considers that these objectives remain fit for purpose. A summary of performance against these objectives is provided in the table on the next page. The following pages provide a more detailed analysis.
GCA performance against strategic objectives in 2021/22

Objective 1: Promoting the work of the GCA

• The GCA held more than 100 meetings with Retailers, suppliers, trade bodies and other stakeholders.

• The GCA regularly engaged with stakeholders through a number of channels. For example, four newsletters were circulated to over 1,250 subscribers. The GCA held a virtual annual conference, reaching more than 500 participants.

• The GCA regularly refreshed the Code Confident pack and other information on the GCA website to ensure it remained up to date and useful.

Objective 2: Providing advice and guidance

• In September 2021, the GCA published a best practice statement on retrospective audits agreed by all 13 of the then-designated Retailers. By signing up, the Retailers agreed that the statement sets the best practice benchmark for conducting audits in a transparent way to reduce the number of invalid claims.

• The GCA also published information about effective responses to cost price increase requests – the 7 Golden Rules – based on Retailer best practice, in January 2022.

• The GCA presented to a range of trade associations throughout the year.

Objective 3: Acting on suppliers’ issues and information

• The GCA gathered insight from a range of stakeholders including suppliers and trade associations and raised issues with CCOs and other members of the senior management at the Retailers.

• Retailers made improvements to systems and processes in response to the issues raised by the GCA and informed the GCA about the action they had taken.

Objective 4: Improving the culture of Code compliance

• The GCA held regular meetings with the Retailer’s CCOs, and met their Audit Chairs and many Retailer CEOs, discussing among other issues the Retailers’ whole-house approach to Code compliance and requiring them to report on progress.

• The GCA met promptly with the CCO for Amazon following designation to set expectations of Code compliance.
Objective 1: Promoting the work of the GCA

GCA annual survey results on understanding the Code and awareness of the GCA

- The GCA annual survey for 2022 shows that 83% of direct supplier respondents were aware of the GCA and 88% were aware of the Code.

Meetings

- During the reporting period, the GCA held:
  - 68 Retailer meetings
  - 14 meetings with suppliers
  - 41 meetings with trade associations and other stakeholders

Supplier events

- Over the past year, the Adjudicator and the GCA team have attended 8 virtual supplier and trade association events.

- These events enabled the GCA to promote its work directly to suppliers and provided an opportunity for suppliers to share their experiences of working with the Retailers.

Code Confident campaign

- The GCA has also continued to promote its Code Confident message directly to suppliers, as well as stressing the importance of being trained in the Code.

- The Code Confident pack is available online and can be downloaded from the GCA website. A QR code allows it to be easily shared, for example through Retailer onboarding packs.

Media and communications

- There have been regular articles about the GCA in key trade magazines including interviews with the Adjudicator.

- The GCA website, YouTube channel and regular newsletters continue to play an essential part in promoting the role of the GCA. In this reporting period, the GCA published four newsletters to over 1,250 subscribers. The GCA continually reviews and refreshes the GCA website, attracting more than 5,400 unique page views during the reporting period.

- The GCA also held a webinar in July 2021 attended by almost 100 guests. The webinar focused on the 2021 annual survey results, the GCA’s priorities and working with CCOs.

GCA annual conference

- The GCA held its annual conference online on 30 September 2021. More than 500 guests had the opportunity to listen to the Adjudicator give a keynote speech, watch a number of panel discussions and hear from a number of CCOs and the Minister for Small Business, Consumers and Labour Markets.
Objective 2: Providing advice and guidance

Advice and guidance to Retailers

- In the previous financial year, all then-designated 13 Retailers agreed to limit the time that each party can reopen audit claims to the current year and the previous two financial years. On 30 September 2021, building on this agreement, the GCA published a best practice statement on retrospective audits, committing the Retailers to conducting audits in a transparent way to reduce the number of invalid claims.

- In response to rising inflation and Retailers receiving large numbers of requests for CPIs from their suppliers, the GCA published information about effective responses to these requests. The 7 Golden Rules are based on best practice displayed by the Retailers.

GCA website

- The GCA has provided advice and guidance information through his website, including:
  - Information about the best practice statement on forensic auditing, Retailer responses to CPI requests, and other issues discussed with Retailers by the GCA.
  - An updated and electronic version of the Code Confident pack including Retailer CCO contact details.
  - Updated guidance on contact details for Retailers' supplier helplines.

Events and meetings

- The meetings and events referred to under Objective 1 enable the GCA to provide advice and guidance to suppliers, Retailers and other stakeholders.

Objective 3: Acting on supplier issues and information

Make Retailers aware of issues reported by suppliers

- The GCA gathered insight on supplier issues from a range of sources including the annual survey, meetings with suppliers, trade associations and other stakeholders, and from direct engagement including through the Tell the GCA platform.

- When the issues fell within the scope of the Code, the GCA raised the issue with the relevant Retailers’ CCOs (while protecting suppliers’ confidentiality).

- The GCA's collaborative approach includes regular progress meetings with the CCOs. In the reporting period, the GCA held these in June 2021 and November/December 2021. The GCA also met with the chair of each Retailer’s Audit Committee, or CEO where the Retailer does not have an Audit Committee.

Request that the CCOs investigate the issue and report back to the GCA

- The GCA raised Code issues with the Retailers, including through regular meetings with CCOs.
Retailers reported back on issues raised by the GCA, including in their regular progress reports. Actions taken by Retailers included making improvements to systems and processes to reduce the risk of the issue occurring or recurring.

During the reporting period, the GCA worked with the Retailers on issues including CPI requests (the 7 Golden Rules), delisting procedures, supply chain issues, retrospective audits, and the recruitment, retention, remuneration and training of buyers.

As a result of GCA discussions, all 13 Retailers (at the time of its publication) are now signed up to the GCA best practice statement on forensic auditing.

Objective 4: Improving the culture of Code compliance

Annual Compliance Reports (ACRs)

- The GCA analysed the ACRs from all 13 Retailers that were designated at the time and provided feedback, producing a summarised analysis across all Retailers focusing on generic themes identified.

- For the first time in five years, the number of new issues reported by suppliers in the ACRs fell (167 in 2020/21) despite the increase in the number of Retailers.

Focus on the issues that are important to suppliers

- The 2022 annual GCA survey showed one quarter of suppliers facing issues relating to requests for CPIs, together with forecasting and delays in payment as the most commonly faced Code issues. The GCA focused on the issues that are most important to suppliers in engagement with each Retailer.

Working with Amazon

- The GCA met promptly with the CCO of Amazon following the announcement of their designation from 1 March 2022.

- The meetings were focused on helping Amazon to quickly understand its obligations under the Code and ensure it is compliant.
Annual Survey

The annual survey continues to inform the GCA about Code-related issues faced by suppliers and about changes in Retailer behaviour. The survey was open from 17 January to 27 February 2022.

This ninth GCA survey was carried out once again by the independent polling company YouGov. To continue benchmarking progress the survey posed similar questions to previous surveys but in 2022, respondents were asked about CPI requests in light of recent inflationary pressures. As in 2021, YouGov will follow up the survey with interviews involving direct suppliers to explore a number of the findings in greater depth.

Survey overview

For the second successive year the survey attracted over 2,500 participants. In 2022 there were responses from 2,293 direct suppliers, 213 indirect suppliers and 43 trade associations. To encourage responses, the GCA commissioned publicity in both domestic and international media and ran a social media campaign. Retailers supported the survey by sending information about it to their direct suppliers through different communication platforms.

The groceries sector has faced another challenging year and those challenges are reflected in the survey results. Whilst the survey this year demonstrated continued progress in Code compliance for some Retailers, the results overall were more mixed. In the past year, less than half (47%) of respondents said they had experienced no issues with the Code, a reduction from 56% in 2021. A quarter of respondents (26%) said they had experienced a refusal to consider a CPI or an unreasonable delay in reaching a decision on a CPI request, making this the most common issue reported in the 2022 survey and the most common issue reported in the last five years.

Suppliers reported that most Retailers had improved their practice over the year despite challenges across the sector, with seven having net improvement scores. However, net improvement scores were lower this year overall and more Retailers’ practice was seen by suppliers as having significantly worsened: five Retailers had a net improvement score lower than -5% in 2022, compared to just one in 2021. The results are illustrated in a chart on the next page.
Suppliers’ perception of change in Retailer practice in the past year (ranked by net improvement score)

![Bar chart showing suppliers' perception of change in Retailer practice in the past year. The chart compares net improvement scores among different retailers, with Co-op at 30%, Asda at 25%, B&M at 20%, Aldi at 15%, Iceland at 10%, Lidl at 5%, M&S at 0%, Morrisons at 0%, Ocado at 5%, Sainsbury’s at 10%, and Tesco at 15%.]

How suppliers rank Retailers’ compliance with the Code

In each annual survey, suppliers have provided an overall assessment of each Retailer’s compliance with the Code. As shown on the next page, in the 2022 survey, the percentage scores for ‘mostly or consistently’ complying with the Code ranged from 98% to 84% with three Retailers (Aldi, M&S and Tesco) scoring above 95%. M&S saw the most improvement in their performance among all Retailers from 2021 (up by 5%, from 92% to 97%). Home Bargains, Iceland, Morrisons and Lidl performed below 90% with Lidl seeing the most significant dip in performance from 2021, down by 11%. In 2022, average Retailer performance against this measure was down from 2021 but remained above average performance in 2020.
Suppliers with a positive perception of overall Retailer Code compliance

Aldi has consistently performed at high levels, gaining scores from direct suppliers at or above 95% for overall compliance with the Code each year since 2016. This year, Aldi regained its position at the top of the overall league table having missed out on the spot to Sainsbury’s last year and taking third place. Suppliers also rated Aldi highest when asked whether the Retailers conducted trading relationships fairly, in good faith and without duress.

Source: GCA annual surveys 2014 and 2022
Suppliers that agree Retailers conduct the trading relationship fairly, in good faith and without duress

Source: GCA annual survey 2022

**Code Issues**

For the first time in 2022, the survey asked direct suppliers whether they had experienced Retailers not acting in good faith and without duress. Including the suppliers that had experienced that, the percentage of suppliers reporting they had experienced Code-related issues saw an increase on the previous year from 29% in 2021 to 35% in 2022.
Suppliers that report an issue with these Code paragraphs

The top two issues in Code language concerning suppliers continue to be forecasting and delays in payments. The percentage of suppliers experiencing delays in payments rose slightly by 3% from 2021. The third most reported issue was not acting in good faith and without duress (a new inclusion for this year) and not meeting duties in relation to delisting with 9% experiencing each of these issues.

In 2022 suppliers were also asked whether they had experienced refusal to consider a CPI or an unreasonable delay in agreeing or implementing an agreed CPI. This was reported by 26% of suppliers, making it the most common issue experienced and with no other issue more commonly reported by suppliers in the last 5 years. Other issues reported in language used by suppliers reflected the Code-related issues reported, with the most common issues involving payment and delisting. The percentage of suppliers reporting that they had faced none of these issues dropped from 45% in 2021 to 34% in 2022.
Suppliers and the Code

The 2022 survey revealed a small drop in confidence in suppliers raising an issue with the GCA – down by 2%, from 57% last year to 55% in 2022. However, like the previous year a very high proportion (81%) reported they knew the GCA operated confidentially. Believing that the Retailer will find out and there will be consequences for their business or that the issue could be addressed by themselves were again reported as the two main reasons suppliers would not raise an issue with the GCA.

The number of suppliers who have received Code training rose slightly from the previous year by 1%, from 46% in 2021 to 47% in 2022. As for respondents that said they are yet to have Code training, the main reason cited for this was not knowing there was training available (41%). A list of training providers of which the GCA is aware is available on the GCA website.

Supplier attitudes towards the Code & GCA

The next steps will be to engage with each Retailer on the results of the survey for their business and work collaboratively with them to create a workplan addressing the issues raised by suppliers.

Mark White
Groceries Code Adjudicator and Accounting Officer
1 September 2022
Accountability Report
Corporate governance report

Director’s report

The Groceries Code Adjudicator (GCA) is a Statutory Office and Corporation Sole and is an independent regulator sponsored by the Department for Business, Energy and Industrial Strategy (BEIS). I was appointed to the role in October 2020 and was simultaneously appointed as the Accounting Officer.

As Accounting Officer, I am responsible for ensuring that the GCA has an appropriate governance structure and systems in place to ensure I meet my statutory obligations. I am personally responsible for safeguarding public funds for which I have charge; for ensuring propriety and regularity in the handling of public funds; and for day-to-day operations and management of the GCA as set out in Managing Public Money.

I also chair the Audit and Risk Committee (ARC) and the Executive Committee which report to the Board. Paula Mills continued as the independent member on the ARC and provides external objectivity in overseeing audit and risk in line with good governance practice.

The GCA does not remunerate the independent members of the Board or the ARC.

I am personally responsible for promoting and safeguarding regularity, propriety, affordability, sustainability, risk and value for money as well as accounting accurately and transparently for the GCA’s financial position and transactions.

Further details about the governance structure are set out in the Governance Statement, and additionally a summary of our governance is available on the GCA website.

Governance structure

The GCA governance structure combines efficient decision making with accountability and transparency. As Accounting Officer, I chair the Governance Board (Board) which is my governance body responsible for ensuring that the GCA’s statutory obligations are met, that decision-making and financial management are carried out appropriately and that the office is managed effectively. Board membership also includes the GCA Head of Operations and a representative from BEIS as a non-executive director. The BEIS representative can look at governance through a departmental lens and brings a valuable external viewpoint as well as constructive challenge to the Board.
Register of interests

A register of interests of the GCA is available on the GCA website, including my position held with Storegga Limited and its subsidiaries between 1 November 2021 and 31 March 2022. All Senior Civil Service level members of the Board were subject to disclosure rules throughout the period, from the date of appointment. No member of the Board has interests which are considered to give rise to any conflict.

Personal data

There were no personal data disclosure incidents in 2021/22 and therefore nothing was referred to the Information Commissioner.

Mark White
Groceries Code Adjudicator and Accounting Officer
1 September 2022
Statement of Accounting Officer’s responsibilities

Paragraph 15(1) of Schedule 1 to the Groceries Code Adjudicator Act 2013 (the GCA Act) requires the GCA to keep proper accounts and proper records in relation to the corporation’s accounts. For each financial year the Adjudicator must prepare a statement of accounts in respect of that year detailing the resources acquired, held or disposed of during the year and the use of resources by the GCA during that year. These must be published and submitted to the Secretary of State for BEIS (SoS) who will be responsible for laying the accounts before Parliament.

The accounts follow the form and the basis set out in the Accounts Direction issued by the SoS. The financial statements are prepared on an accruals basis and give a true and fair view of the GCA’s state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing financial statements the GCA is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- Prepare the financial statements on a going concern basis.

The Principal Accounting Officer for BEIS has designated the GCA as the Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of levy funding (classified as public finances) for which the Accounting Officer is answerable, for keeping proper records and safeguarding the GCA’s assets, are set out in Managing Public Money published by HM Treasury.

So far as I am aware, there is no relevant audit information of which the auditors are unaware. I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable, which I confirm they are.

Mark White

Groceries Code Adjudicator and Accounting Officer

1 September 2022
Governance statement

Scope of responsibility

The GCA is a Statutory Office and Corporation Sole. The GCA is the Accounting Officer. As the Accounting Officer, the Adjudicator has responsibility for maintaining corporate governance structures that support the achievement of the GCA’s aims, objectives and targets, while safeguarding public funds and the GCA’s assets.

Mark White was appointed as the Adjudicator from 31 October 2020 and received a ministerial letter of appointment pursuant to the GCA Act. In addition, he received a letter from the Permanent Secretary to BEIS, appointing him as Accounting Officer, together with a letter from the BEIS Director General for Market Frameworks providing him with financial delegations.

The main duties and responsibilities of the Adjudicator are set out in the GCA Act.

Governance Framework

Upon appointment, the Adjudicator, Mark White, reviewed the GCA governance framework and a new structure was created with effect from November 2020. GCA governance is conducted through a Governance Board, an Audit and Risk Committee and an Executive Committee.

A review of Board effectiveness is carried out biennially and was last carried out during 2018/19. The 2020/21 review of effectiveness was substituted by the governance restructure concluded in November 2020. Board effectiveness is next due to be reviewed in 2022/23.
Governance Board (the Board)

Purpose
Sets the GCA's strategic aims, providing the leadership to put them into effect, supervising the management of the regulator and reporting to Government.

The Board will:

• Ensure the GCA office is effectively managed to fulfil its statutory duties and functions and that the principles of good corporate governance are observed.
• Establish that the overall strategic direction of the GCA fits within the policy framework laid down under the GCA Act.
• Have regard to any opinions and reports of the GCA as Accounting Officer and ensure that the GCA makes appropriate use of public funds.

Membership
• Chair: Groceries Code Adjudicator.
• GCA Head of Operations.
• BEIS Deputy Director of Competition Policy.

Additional information
i) The Chair attended each meeting held during the year. Both other members attended meetings, each appointing a deputy on one occasion.
ii) The Board meets at least three times a year, proportionate to the size of the GCA.
iii) The Board’s work is informed by the Audit and Risk Committee and the Executive Committee.
iv) During the year the Board considered issues including: financial performance and the annual levy, people and recruitment, this annual report and the Adjudicator’s update reports.
v) Robust information is provided to the Board in papers submitted for consideration. The Board is satisfied that this is of a quality that enables effective decision making.
vi) The Board follows the Corporate Governance Code of Good Practice 2017, applying it in a way proportionate to the nature and size of the GCA.
Executive Committee (the Committee)

Purpose

A sub-committee of the Board to oversee the GCA's overall performance and delivery with a focus on strategic leadership, management and direction, ensuring the most effective prioritisation of resources.

Membership

• Chair: Groceries Code Adjudicator.
• GCA Head of Operations.
• GCA Policy Manager.*

Additional information

• The overall decision-making body for performance and delivery, under delegated authority from the Board.
• As required by the business of the GCA, the Committee met eleven times during the reporting period. Each meeting held was quorate.
• During the year the Committee considered issues including: people and learning & development, the annual levy, a regular finance update, the GCA annual conference and survey, enquiries received from suppliers, and updates to the GCA website.
• Papers are provided to the Committee which contain relevant information. The Committee is satisfied that these are of a quality that enables effective decision making.

*Following a change in GCA team structure, the governance responsibilities of the GCA Policy Manager are fulfilled by the Senior Manager – Market Intelligence.
Audit and Risk Committee (ARC)

Purpose
A sub-committee of the Board supporting the GCA’s responsibilities for issues of risk, internal control and governance.

Membership
- Chair: Groceries Code Adjudicator.
- GCA Head of Operations.
- Independent Committee member.

Observers
- National Audit Office.
- GCA’s Accountants, RSM UK Ltd.
- Government Internal Audit Agency (as required).

Additional information
- The ARC met twice during the reporting period (proportionate to the size of the GCA), with full attendance at both meetings.
- The ARC’s main tasks are to consider the GCA’s financial position and financial management, review the risk register and approve the annual report and accounts. Rigorous consideration of these matters takes place at each meeting, supported by papers containing relevant information.
- The ARC is satisfied that committee papers are of a quality that enables effective decision making.

Funding the GCA

Levy on designated retailers
The GCA is funded through a general levy on the designated retailers (Retailers). Unspent levy funds at the end of each financial year are returned to the Retailers in the proportions in which they were contributed.

The GCA Act requires the consent of the SoS before a levy can be imposed on the Retailers.

The SoS approved the levy methodology for the reporting period and the budget was set at £1.9 million. The levy was split evenly between the 14 Retailers (pro rata for the one Retailer designated part way through the reporting period), with no variable element.

Each year the GCA publishes its levy funding policy on its website.

The GCA Act provides a facility for the SoS to make grants and loans to the GCA. The levy is nonetheless set at an amount estimated to provide the GCA with sufficient funds should the Adjudicator launch an investigation.

The SoS agreed to the proposed GCA levy for 2022/23 on 10 June 2022. The total levy for 2022/23 is set at £2 million, an increase that in part reflects the increased regulatory
activity associated with designation of an additional Retailer. The levy will be evenly split between the Retailers with no variable element. It is accordingly considered appropriate to adopt the going concern basis for the preparation of these financial statements.

The GCA continued to realise savings and efficiencies enabled by new ways of working necessitated by the COVID-19 pandemic. Ongoing delivery of these efficiencies explains in part the continued reduction in the levy payment per Retailer in 2022/23.

**Cost recoverable activity**

The GCA may recover reasonable costs from Retailers incurred during the following:

- Investigations, where a Retailer is found to have breached the Code. The GCA may also recover costs from a person where the investigation is launched as a result of that person’s complaint, which is found to be vexatious or wholly without merit;

- Enforcement activity as a result of an investigation where a breach has been found; and

- Arbitrations, as the reasonable costs of the arbitrator.

Each year the GCA publishes the rates for cost recoverable activities on its website.

During the reporting period the GCA accordingly recovered costs incurred conducting arbitrations.

**Going concern**

The GCA will receive levy income for 2022/23 to fund its activities as noted above. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements. Budget pressures are possible should investigations or arbitrations result in accruals where the GCA has not recovered its costs within the year.

As noted in the ‘Funding the GCA’ section above, the GCA has set the levy at an amount estimated to provide the GCA with sufficient funds to cover these circumstances with additional support from BEIS where necessary.

**VAT**

The GCA is not registered for VAT.

**Audit**

The auditor of the GCA is the Comptroller and Auditor General. The audit fee for the period ended 31 March 2022 is £12,750 (2020/21: £12,500), as disclosed in Note 3 to the Financial Statements.

A proportionate internal audit-like mechanism is used by the GCA, consisting of a regular review of the risk register, an audit of financial controls and the periodic review of GCA policies and publications, supplemented by internal audit reviews conducted on an ad hoc basis by the Government Internal Audit Agency (GIAA).
Risk management

Risk management strategy and how the risk profile is managed

The GCA has identified 21 risks which impact on the reputation of the GCA, and the delivery of its objectives. The identification, mitigation and escalation of risks is embedded as a key activity of the GCA and its team. Improvements to the GCA approach to risk management were considered by the Committee in April 2021 and the ARC in May 2021. These improvements included the creation of a documented risk management strategy and statement of risk appetite in line with GIAA observations made in November 2020. Risk management is aligned with government best practice as set out in the HM Treasury guidance ‘Management of Risk: Principles and Concepts’ (the Orange Book).

The GCA risk profile is summarised in the table below.

<table>
<thead>
<tr>
<th>GCA risk profile</th>
<th>Likelihood</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

The GCA has a comprehensive risk register which is formally reviewed every six months. The register considers risks under the following eight categories: finance, procurement and audit; HR and recruitment; operational; relations with Retailers; stakeholder management; governance; reputation; and legislation.

The risks for this period have evolved to reflect the activities of the GCA over that time and the impact of outside events.

In line with other public sector bodies the GCA has a business continuity plan.

Accountability and responsibility framework for risk management

The GCA ARC reviewed the GCA risk register in May and November 2021. The internal perspective is provided by the GCA Committee which reviewed the risk register in April and October 2021.

During the risk register review process, the GCA Team used a combination of ‘bottom up’ and ‘top down’ discussions to update existing risks, mitigating strategies and progress, as well as for identifying and managing new risks.
Other control and governance structures

Internal financial control

The GCA has committed to pay all undisputed invoices within a maximum of 30 days. During the reporting period, the GCA approved and processed 100% of invoices within 30 days of receipt. On average it took 2.86 days to pay each invoice.

The GCA maintains an internal financial controls checklist which is reviewed and completed annually. This was last reviewed in November 2021 and was considered by the GCA ARC.

The Adjudicator, as the GCA Accounting Officer, has overall strategic responsibility for ensuring that GCA funds are managed correctly, and has in place a financial delegation authority. Through the financial delegation authority, the Adjudicator can in turn sub-delegate to GCA team members, as necessary. GCA staff holding such delegations are made aware of limits of their delegated authority and the level of approval needed before committing any expenditure.

The GCA reviewed and updated the sub-delegations and financial procedures policy in February 2022.

Internal audit

On appointment, the Adjudicator, Mark White, reviewed the GCA processes and procedures for internal audit.

A number of existing checks and balances provide assurance to the GCA on its risk management, governance and internal control processes. These include external audit by the National Audit Office, reporting to ministers and Parliament, the triennial statutory review provided for in the GCA Act and the GCA’s governance structure.

Given the size of the GCA and the existing assurance mechanisms, the GCA has implemented a proportionate approach to internal audit. This approach is based on the principles of internal audit but is adapted for the GCA. As a result, the GCA approach has less formal independent oversight than might exist in a larger organisation.

In November 2020 the ARC agreed to commission the GIAA to conduct a third-party internal audit of GCA controls and governance arrangements. Following the audit, the GIAA gave the GCA a substantial assurance rating, with no recommendations made. Given the stability of the GCA’s governance arrangements since the GIAA substantial assurance rating, and the continued robustness of controls covering staff changes, the ARC agreed in November 2021 that no independent review was necessary in 2021/22. The ARC will continue to consider commissioning an independent review annually, next in November 2022.

Whistleblowing

The BEIS Whistleblowing and Raising a Concern Policy is followed and is communicated to GCA staff. The GCA does not directly employ any member of the GCA office and adheres to the BEIS policy as team members are seconded, in the main, from BEIS. The BEIS whistleblowing policy is clearly set out in the GCA delegations and financial procedures document.

Functional standards

The GCA has reviewed each of the UK Government Functional Standards and, in accordance with HM Treasury advice, had a plan in place at the end of March 2022 to comply with each functional standard in a way that meets its business needs and priorities.
Analytical models

The GCA does not use any analytical models and therefore does not have, and is not required to have, an appropriate quality assurance framework in place as required by the final report of the MacPherson Review of Quality Assurance of Government Analytical Models.

Implementation of the Alexander Tax Review

Numbers of off-pay roll engagements and board members and senior officials with significant financial responsibilities are provided in tables 1 and 3 in the remuneration and staff report (page 53 and 54).

The GCA has recently reviewed its one off-pay roll engagement to ensure its processes are robust. The GCA has the right to request assurances, and does so, from the individual in relation to monies received from the GCA. The GCA can terminate a contract if these assurances are not provided.

The GCA Board comprises of the Adjudicator, the GCA Head of Operations and a BEIS representative, none of whom receive additional remuneration for their role on the Board.

Sustainability

The GCA does not fall within scope of the Greening Government Commitments. The GCA's office forms part of the building occupied by the Competition and Markets Authority (CMA) and reporting associated with the GCA will be incorporated into the CMA's Annual Report and Accounts.

COVID-19

The GCA’s performance has not been affected by COVID-19. Throughout the reporting period the GCA has moved from staff working from home and engaging online with stakeholders towards a model using both in-person and online engagement. The GCA annual conference 2021 was successfully held online, but the GCA has recommenced in-person visits to Retailers. At the end of the reporting period the GCA is implementing a hybrid model for its staff, with members of the GCA team in the GCA offices at least two days per week.

EU Exit

EU Exit has not affected the GCA’s ability to achieve its objectives. The GCA has continued to monitor the impact of EU Exit on the groceries sector.

Statement by the Adjudicator

As Accounting Officer, I ensure that the GCA has an appropriate governance structure to meet the requirements of the office and to provide the right level of control over decision making. I confirm there have been no data losses or ministerial directions issued during the financial year.

I have considered the evidence that supports this Governance Statement, and I am assured the GCA has a strong system of controls to support the achievement of my statutory purposes. I therefore have no disclosures of control weaknesses to make for the 2021/22 financial year.

Mark White

Groceries Code Adjudicator and Accounting Officer

1 September 2022
Remuneration and staff report

Overview and remuneration policy

The GCA has no remuneration responsibilities. The current and future remuneration of the Adjudicator is determined by the SoS under Schedule 1 to the GCA Act. The Adjudicator is designated as Office Holder and is a Corporation Sole.

GCA team members, all of whom are on secondment from public bodies, retain the terms and conditions of their parent departments. Note 2 to the financial statements provides further information about this. Remuneration decisions are taken by the secondee’s relevant department.

The current Adjudicator’s salary payments in this financial year were in the band of £75,000 to £80,000 pro-rated from an annual salary within the band of £130,000 to £135,000 for a full-time equivalent.

The Adjudicator chose not to join the Civil Service pension arrangements during the previous or current reporting period. Other pension commitments are met by the home departments of the secondees to the GCA.

In line with HMRC rules, to support all GCA staff during the COVID-19 remote working arrangements, the Adjudicator and GCA staff were able to claim an allowance to cover increased household costs. During the reporting period, this was a flat rate of £26 per month, which represents the maximum possible payment within HMRC limits without incurring additional tax liabilities.
Remuneration (salary, benefits in kind and pensions)

<table>
<thead>
<tr>
<th>Officials</th>
<th>Salary (£’000) (in £5k bandings)</th>
<th>Bonus payments (in £5k bandings)</th>
<th>Benefits in kind (to the nearest £100)</th>
<th>Pension benefits (to the nearest £’000)</th>
<th>Total (in £5k bandings)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark White (from 21 July 2020)</td>
<td>75–80 (130–135 for a full time equivalent)</td>
<td>55–60 (130–135 for a full time equivalent)</td>
<td>– – – – –</td>
<td>– – – –</td>
<td>75–80 55–60</td>
</tr>
</tbody>
</table>

Salary

‘Salary’ includes: gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made or to be made by the GCA and thus recorded in these accounts.

Benefits in kind

No allowances, bonuses or benefits in kind have been made to the Adjudicator.

The cash equivalent transfer value (CETV)

Mark White chose not to join the Civil Service pension arrangements upon appointment. Accordingly, no pension benefits were accrued during the reporting period.
Fair pay disclosure (audited)

The GCA only has one officer who is taxed as an employee. All other staff during the year were seconded from other public bodies.

The GCA is required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation’s workforce.

The banded remuneration of the highest-paid director at the GCA (the Adjudicator) in the financial year 2021/22 was £130,000 to £135,000 (2020/21: £130,000 to £135,000). This was 2.5 times (2020/21: 2.8) the median remuneration of the workforce, which was £50,000 to £55,000 (2020/21, £45,000 to £50,000).

In 2021/22, no (2020/21: nil) employees received remuneration in excess of the highest-paid director.

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

### Single total figure of remuneration (audited)

<table>
<thead>
<tr>
<th>Banded remuneration of the Adjudicator and the GCA team</th>
<th>2021/22 (£'000) (bands of £5,000)</th>
<th>2020/21 (£'000) (bands of £5,000)</th>
<th>Percentage change (2021/22 vs. 2020/21)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Band of highest paid directors’ remuneration (composed of salary, allowances, performance pay and bonuses payable)</td>
<td>130–135</td>
<td>130–135</td>
<td>0%</td>
</tr>
<tr>
<td>Band of highest paid directors’ salary &amp; allowances</td>
<td>130–135</td>
<td>130–135</td>
<td>0%</td>
</tr>
<tr>
<td>Band of highest paid directors’ performance pay and bonuses payable</td>
<td>0–5</td>
<td>0–5</td>
<td>0%</td>
</tr>
<tr>
<td>Band of average GCA teams’ remuneration (composed of salary, allowances, performance pay and bonuses payable)</td>
<td>40–45</td>
<td>45–50</td>
<td>-11%</td>
</tr>
<tr>
<td>Band of average GCA teams’ remuneration (salary &amp; allowances)</td>
<td>40–45</td>
<td>45–50</td>
<td>-11%</td>
</tr>
<tr>
<td>Band of average GCA teams’ (performance pay and bonuses payable only)</td>
<td>0–5</td>
<td>0–5</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Pay ratios

| Median pay ratio (total remuneration composed of salary, allowances, performance pay and bonuses payable) | 50–55 | 2.5 | 2.8 |
| Median pay ratio (remuneration composed of salary and allowances only) | 50–55 | 2.5 | 2.8 |
The decrease in the median remuneration ratio in 2021/22 (compared to 2020/21) is due to senior positions within the GCA team (that were previously vacant) being filled. No remuneration range, 25th or 75th percentile pay ratio has been provided as this would disclose the salaries of individuals who work in the Adjudicator’s team.

**Staff report**

**Staff numbers, costs and composition**

The Adjudicator was employed for three days each week during the reporting period, and is a senior civil servant equivalent. Staff supporting the GCA are seconded from public bodies, with occasional support from temporary contractors.

The guiding principle in resourcing the GCA has been to recruit the resources needed in a phased way based on anticipated workload.

The organisation chart as at the end of the reporting period is provided in the Performance Review on page 19. Staff numbers and composition as at 31 March 2022 and 31 March 2021 are summarised in the table below.

<table>
<thead>
<tr>
<th>GCA staff numbers (audited) and composition as at 31 March 2022 and 2021</th>
<th>Female</th>
<th>Male</th>
<th>31 March 2022</th>
<th>31 March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Adjudicator</td>
<td>0</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>GCA Staff</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>

**Notes**

- For comparison, the female: male composition of the GCA committees is 1:2 (Governance Board), 1:2 (Audit and Risk Committee) and 1:2 (Executive Committee).

During the reporting period two members of staff left the GCA team, one member commenced maternity leave, and five new members were recruited. Media and communications support is provided on a temporary agency basis when required. The GCA continues to review the resources required to meet its objectives.

The learning and development plan continues to be reviewed during the year to ensure all staff have the right skills and experience to perform their roles.

GCA staff costs are shown in the table on the next page.
## GCA staff costs 2021/22 and 2020/21 (audited)

<table>
<thead>
<tr>
<th></th>
<th>2021/22</th>
<th>2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, performance related pay and allowances</td>
<td>£315,827</td>
<td>£305,561</td>
</tr>
<tr>
<td>Social security costs</td>
<td>£38,300</td>
<td>£35,520</td>
</tr>
<tr>
<td>Pension</td>
<td>£62,181</td>
<td>£64,287</td>
</tr>
<tr>
<td>Temporary/agency costs</td>
<td>£14,013</td>
<td>£17,727</td>
</tr>
<tr>
<td>Total</td>
<td>£430,321</td>
<td>£423,095</td>
</tr>
</tbody>
</table>

### Notes
- The Adjudicator is a ministerial appointment, paid by the BEIS payroll, which is recharged to the GCA.
- There have been no severance/retirement payments in the reporting year.
- Home departments invoice the GCA for the employee’s salary, ERNIC and pensions contributions. There is no VAT on these recharge invoices. The GCA is not VAT registered.
- Further information is included in Note 2 of the accounts.

## Sickness absence
The GCA team recorded one day of sickness absence during the reporting period.

## Staff policies and other employee matters
As staff working in the GCA office remain employees of the public bodies from which they are seconded, they are primarily subject to the staff policies of those organisations.

The GCA ensures it meets its commitments on equality and diversity, health and safety and wellbeing for staff working in the office.

The GCA gives full and fair consideration to applications to be seconded to the office from disabled persons and will implement relevant policies for training and career development where necessary.

## Consultancy expenditure
There was no consultancy expenditure during 2021/22. Expenditure relating to the contract for the annual GCA survey is shown in Note 3 of the accounts.

‘Off payroll’ engagements and reporting on the tax arrangements of public sector appointees

Legislation which came into effect from April 2017 provides that where a public sector organisation engages an off-payroll worker through their own limited company, that organisation (or the recruitment agency where the worker is engaged through that agency) will become responsible for deciding whether tax and National Insurance contributions (NICs) are due from the individual contractor and, if so, for paying the right tax and NICs.

The GCA has ensured that arrangements are in place to determine whether contractors are in or out of scope, and, where relevant, that arrangements are in place for the deduction of tax and NICs, and that relevant assurances are sought.
In addition, the final report of the Alexander Tax Review recommended that board members and senior officials with significant financial responsibility should be on the organisation’s payroll. The GCA has reviewed the way it appoints board members and senior officials to ensure its processes are robust.

The tables below set out the status of off-payroll contractors and board members and senior officials with significant financial responsibility engaged by the GCA.

### Table 1: Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater

<table>
<thead>
<tr>
<th>No. of existing engagements as at 31 March 2022</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Of which...</strong></td>
<td></td>
</tr>
<tr>
<td>No. that have existed for less than one year at time of reporting.</td>
<td>0</td>
</tr>
<tr>
<td>No. that have existed for between one and two years at time of reporting.</td>
<td>0</td>
</tr>
<tr>
<td>No. that have existed for between two and three years at time of reporting.</td>
<td>0</td>
</tr>
<tr>
<td>No. that have existed for between three and four years at time of reporting.</td>
<td>1</td>
</tr>
<tr>
<td>No. that have existed for four or more years at time of reporting.</td>
<td>0</td>
</tr>
</tbody>
</table>

**Declaration**

All existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance needs to be sought that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

### Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater

<table>
<thead>
<tr>
<th>No. of existing engagements as at 31 March 2022</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Of which...</strong></td>
<td></td>
</tr>
<tr>
<td>No. that have existed for less than one year at time of reporting.</td>
<td>0</td>
</tr>
<tr>
<td>No. that have existed for between one and two years at time of reporting.</td>
<td>0</td>
</tr>
<tr>
<td>No. that have existed for between two and three years at time of reporting.</td>
<td>0</td>
</tr>
<tr>
<td>No. that have existed for between three and four years at time of reporting.</td>
<td>1</td>
</tr>
<tr>
<td>No. that have existed for four or more years at time of reporting.</td>
<td>0</td>
</tr>
</tbody>
</table>

**Declaration**

All existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance needs to be sought that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.
Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

<table>
<thead>
<tr>
<th>No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total no. of individuals on payroll* and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year.</td>
<td>2</td>
</tr>
<tr>
<td>This figure should include both on payroll and off-payroll engagements.</td>
<td></td>
</tr>
</tbody>
</table>

*The GCA does not operate its own payroll function and is recharged for such services. The individuals disclosed are therefore classed as on payroll.

Exit packages

There have been no exit packages during the year.

This has been subject to audit.
Parliamentary accountability and audit report

Parliamentary accountability disclosures

The Adjudicator, as Accounting Officer, is responsible for the propriety and regularity of the public finances for which he is answerable and for keeping proper records.

The GCA has nothing to report in respect of: losses and special payments; remote contingent liabilities; fees and charges income; or gifts. This has been subject to audit.

Details of the GCA’s statutory reporting requirements are set out in the performance report.

Wider government and Parliamentary input

The GCA is fully committed to meeting its wider duties as a public body and engaging fully with Parliament and devolved governments. In this reporting period, the GCA has fulfilled these duties in the following ways set out below.

The Regulators’ Code

The GCA is a non-economic regulator which must have regard to the Regulators’ Code. The Regulators’ Code obliges the GCA to follow stated principles when developing policy or operational procedures and when setting standards or giving guidance which informs GCA regulatory activity.

Growth duty

The GCA is committed to following the Government’s better regulation agenda and the GCA will take account of the economic impact of its regulatory activities on growth. This follows the requirement of section 108 of the Deregulation Act 2015, which stipulates that:

- A person exercising a regulatory function to which this section applies must in the exercise of the function have regard to the desirability of promoting economic growth.
- Consider the importance for the promotion of economic growth of exercising the regulatory function in a way which ensures that:
  - Regulatory action is taken only when it is needed, and
  - Any action taken is proportionate.

Business Impact Target

The Small Business, Enterprise and Employment Act 2015 (SBEE Act) requires the Government to publish, then report on, its performance against a deregulation target – the Business Impact Target.

The Enterprise Act 2016 brought a number of regulators, including the GCA, into scope for this target. The GCA published its response for the reporting period of 17 December 2020 to 16 December 2021. The GCA had no qualifying regulatory provisions.
Review of business appeals procedure

The SBEE Act introduced a new review mechanism for the appeals procedure of each non-economic regulator, which includes the GCA. The law provides for the appointment of a reviewer by the SoS to:

- Review the effectiveness during each reporting period of the procedures (both formal and informal) of the relevant regulator for handling and resolving complaints and appeals made by businesses to the regulator in connection with the exercise by the regulator of the function, and
- Prepare a report about the findings of the review.

The GCA will work with BEIS on the implementation of this requirement when necessary.

Parliamentary and Ministerial engagement


Mark White

Groceries Code Adjudicator and Accounting Officer

1 September 2022
Opinion on financial statements

I certify that I have audited the financial statements of the Groceries Code Adjudicator for the year ended 31 March 2022 under the Groceries Code Adjudicator Act 2013.

The financial statements comprise the Groceries Code Adjudicator’s:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers’ Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Groceries Code Adjudicator’s affairs as at 31 March 2022 and its net expense for the year then ended; and
- have been properly prepared in accordance with the Groceries Code Adjudicator Act 2013 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council’s Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Groceries Code Adjudicator in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Groceries Code Adjudicator’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Groceries Code Adjudicator is adopted in consideration of the requirements set out in HM Treasury’s Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report but does not include the financial statements nor my auditor’s certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Groceries Code Adjudicator Act 2013.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Groceries Code Adjudicator Act 2013; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.
Matters on which I report by exception

In the light of the knowledge and understanding of the Groceries Code Adjudicator and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

• I have not received all of the information and explanations I require for my audit; or

• adequate accounting records have not been kept by the Groceries Code Adjudicator or returns adequate for my audit have not been received from branches not visited by my staff; or

• the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or

• certain disclosures of remuneration specified by HM Treasury’s Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or

• the Governance Statement does not reflect compliance with HM Treasury’s guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Accounting Officer is responsible for:

• maintaining proper accounting records;

• the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

• ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;

• internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and

• assessing the Groceries Code Adjudicator’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Groceries Code Adjudicator will not continue to be provided in the future.

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Groceries Code Adjudicator Act 2013.

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

**Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

**Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Groceries Code Adjudicator’s accounting policies and key performance indicators.

- Inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Groceries Code Adjudicator’s policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Groceries Code Adjudicator’s controls relating to the Groceries Code Adjudicator’s compliance with the Groceries Code Adjudicator Act 2013 and Managing Public Money;
  - discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Groceries Code Adjudicator for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Groceries Code Adjudicator’s framework of authority as well as other legal and regulatory frameworks in which the Groceries Code Adjudicator operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Groceries Code Adjudicator. The key laws and regulations I considered in this context included Groceries Code Adjudicator Act 2013 and Managing Public Money.
Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

• reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

• enquiring of management, the Audit and Risk Committee concerning actual and potential litigation and claims;

• reading and reviewing minutes of meetings of those charged with governance and the Board; and

• in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor’s responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies Date 5 September 2022

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Financial Statements
## Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31-Mar-22</th>
<th>Year ended 31-Mar-21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Costs</td>
<td>2</td>
<td>430,321</td>
</tr>
<tr>
<td>Other Expenditure</td>
<td>3</td>
<td>218,700</td>
</tr>
<tr>
<td></td>
<td></td>
<td>649,021</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>4</td>
<td>(640,330)</td>
</tr>
<tr>
<td><strong>Net expense</strong></td>
<td></td>
<td>8,691</td>
</tr>
<tr>
<td><strong>Total Comprehensive expense for the year ended 31 March</strong></td>
<td>8,691</td>
<td>7,491</td>
</tr>
</tbody>
</table>

The notes on pages 67 to 78 form part of these financial statements.

There was no other comprehensive expenditure.
## Statement of financial position as at 31 March 2022

<table>
<thead>
<tr>
<th>Non-current assets:</th>
<th>Note</th>
<th>As at 31-Mar-22 £</th>
<th>As at 31-Mar-21 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible fixed assets</td>
<td>5</td>
<td>95,683</td>
<td>104,374</td>
</tr>
</tbody>
</table>

### Current assets:

| Other receivables                          | 7    | 25,341            | 18,619            |
| Cash                                        | 8    | 1,446,827         | 1,490,294         |
| **Total current assets**                   |      | **1,472,168**     | **1,508,913**     |

| **Total assets**                           |      | **1,567,851**     | **1,613,287**     |

### Current liabilities:

| Contract liability                        | 9    | 1,307,630         | 1,347,438         |
| Trade and other payables                  | 9    | 164,538           | 118,462           |
| **Total current liabilities**             |      | **1,472,168**     | **1,465,900**     |

| **Total assets less current liabilities** |      | **95,683**        | **147,387**       |

### Non-current liabilities:

| Other payables                            | 9    | –                 | 43,013            |
| **Total non-current liabilities**         |      | –                 | **43,013**        |

| **Total assets less total liabilities**   |      | **95,683**        | **104,374**       |

### Taxpayers’ equity

| Income and expenditure reserve            |      | 95,683            | 104,374           |

| **Total equity**                          |      | **95,683**        | **104,374**       |

The notes on pages 67 to 78 form part of these financial statements.

Mark White  
Groceries Code Adjudicator and Accounting Officer  
1 September 2022
## Statement of cash flows
for the year ended 31 March 2022

<table>
<thead>
<tr>
<th>Note</th>
<th>Year ended 31-Mar-22</th>
<th>Year ended 31-Mar-21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net operating expense</td>
<td>(8,691)</td>
<td>(7,491)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5</td>
<td>8,691</td>
</tr>
<tr>
<td>Increase in receivables</td>
<td>7</td>
<td>(6,722)</td>
</tr>
<tr>
<td>Decrease in payables</td>
<td>9</td>
<td>(36,745)</td>
</tr>
<tr>
<td><strong>Net cash outflow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(43,467)</td>
<td>(141,774)</td>
</tr>
</tbody>
</table>

| **Investing activities** | | |
| Purchase of tangible fixed assets | 5 | – | (1,200) |
| **Net cash used in investing activities** | | |
| | – | (1,200) |

There are no cashflows from financing activities

| **Net decrease in cash and cash equivalents in the period** | 8 | (43,467) | (142,974) |
| **Cash at the beginning of the period** | | |
| | 1,490,294 | 1,633,268 |
| **Cash at the end of the period** | | |
| | 1,446,827 | 1,490,294 |

The notes on pages 67 to 78 form part of these financial statements.
Statement of changes in Taxpayers’ Equity for the year ended 31 March 2022

<table>
<thead>
<tr>
<th></th>
<th>I &amp; E Reserve £</th>
<th>Total Reserves £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 31 March 2020</td>
<td>111,865</td>
<td>111,865</td>
</tr>
<tr>
<td>Changes in Taxpayers’ Equity comprehensive expense for the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive expense for the year</td>
<td>(7,491)</td>
<td>(7,491)</td>
</tr>
<tr>
<td>Balance as at 31 March 2021</td>
<td>104,374</td>
<td>104,374</td>
</tr>
<tr>
<td>Changes in Taxpayers’ Equity comprehensive expense for the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive expense for the year</td>
<td>(8,691)</td>
<td>(8,691)</td>
</tr>
<tr>
<td>Balance as at 31 March 2022</td>
<td>95,683</td>
<td>95,683</td>
</tr>
</tbody>
</table>

The Groceries Code Adjudicator (GCA) is levy funded and unspent levy is reflected in contract liability.
1. Accounting policies

These financial statements have been prepared in accordance with the 2021/22 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the GCA for the purposes of giving a true and fair view has been selected. The particular policies adopted by the GCA for the purpose of financial reporting are described below. They have been applied consistently in dealing with items that are considered material to the accounts. The accounts have been prepared under the direction of the Department for Business, Energy and Industrial Strategy (BEIS).

There were no new standards issued up to 31 March 2022 and not applied that would materially affect the accounts. The GCA has also not adopted any standards early but has considered future changes in standards.

Accounting convention

These financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the GCA. Monetary amounts in these financial statements are rounded to the nearest £.

Standards not yet effective

On 1 April 2022, the GCA will adopt IFRS 16 ‘Leases’ (IFRS 16) for the first time. IFRS 16 replaces IAS 17 ‘Leases’. The GCA will adopt IFRS 16 Leases as applied by the FReM. IFRS 16 requires the recognition of a right-of-use asset and a lease liability for all leases in scope of IFRS 16 subject to certain practical expedients. The GCA’s current property rental agreement, which was entered into during August 2019, is the only leasing arrangement within the scope of IFRS 16 which will exist at the transition date of 1 April 2022. The property lease is the only lease disclosed in the commitments under operating leases note, note 10, as at 31 March 2022.

Upon initial application of IFRS 16, entities applying the FReM are required to utilise the following transitional options and practical expedients:

- Use the modified retrospective approach. Under this approach the GCA will calculate its lease assets and liabilities at the date of transition as determined by IFRS 16, it does not restate comparatives and recognises an adjustment in equity at the beginning of the period.

- To not reassess whether a contract is, or contains, a lease.

- No adjustments for leases for which the underlying asset is of low value.

- No adjustment for leases for which the lease term ends within 12 months of the date of initial application.
Use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

On an ongoing basis, entities applying the FReM must expense costs associated with leases with a lease term under 12 months (short term leases) over the term of the lease, and where lessees cannot readily determine the interest rate implicit in the lease, they are instead required to use the HM Treasury discount rates promulgated in PES papers as their incremental borrowing rate in most cases.

The GCA has a single lease, a property lease, with an option to terminate that can be activated by the lessor or lessee with 3 months’ notice in August 2022. As a result, on transition at 1 April 2022, the GCA has a single lease that meets the definition of a short-term lease under IFRS 16, therefore, the lease will be expensed on a straight-line basis over the lease term and therefore there is no anticipated impact on the financial statements on transition.

Should the break clause not be activated in May 2022 the next break is July 2023, this would cause the lease to have a period of greater than one year in the financial year 2022/23 accounts. As a result, per IFRS 16 the change in contract length of the short-term lease would give rise to a new contract, a right-of-use asset and lease liability would then need to be recognised.

As a result of the transitional options and practical expedients applied, the GCA do not expect to recognise any adjustments on initial application of IFRS 16. However, the GCA does expect to recognise right-of-use assets and lease liabilities in respect of its property lease at May 2022 once the lease term is reassessed.

Going concern
The GCA will receive levy income for 2022/23 to fund its activities. Consent to the proposed GCA levy for 2022/23 was received from the Secretary of State for BEIS (SoS) on 10 June 2022, and there is no reason to believe that future approval will not be granted. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. It has been accordingly considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Income
General levy
The GCA received levy income for 2021/22 to fund its activities. Approval for the levy for the year 2021/22 was received on 29 April 2021. The levy is invoiced once audited accounts are published. Section 19 of the Groceries Code Adjudicator Act 2013 provides that the full costs of the GCA will be funded through a levy on the retailers that are designated under the Groceries (Supply Chain Practices) Market Investigation Order 2009 (the Order) (Retailers). As at 31 March 2022 these were: Aldi, Amazon, Asda, B&M, Co-op, Iceland, Lidl, Morrisons, M&S, Ocado, Sainsbury’s, Tesco, Home Bargains and Waitrose.

The GCA raises income by levy on the Retailers it regulates. The levy is applied and invoiced to Retailers at the start of each financial year. Any unspent levy at the end of the financial year is returned to the Retailers in the proportions in which it was contributed. The general levy and associated rebate are variable consideration under IFRS 15. The variable consideration is determined using the most likely amount. There is a constraint on the variable consideration with the income from the general levy determined at the end of the financial year once the uncertainty associated with the levy rebate has been resolved.
Investigations
The GCA has the discretion to charge the applicable Retailer(s) the full costs of an investigation which results in a finding that the Code has been broken.

Costs incurred during investigations are recognised in full during the course of the investigation. The income associated with the recoverable costs of an investigation is a variable consideration. Until the investigation has been completed and findings published, there is uncertainty in respect of income from costs recovery. Income from the recovery of investigation costs is recognised at the point the GCA becomes entitled to recover them. Any income received from the recovery of investigation costs is taken into account in determining the general levy rebate at the end of the financial year.

There were no investigations in 2021/22.

Arbitrations
The GCA will in the great majority of cases recover the full costs of an arbitration, in accordance with Article 11(7) of the Order. All costs of the GCA as arbitrator are to be borne by the Retailer which is the party to the arbitration; unless the arbitrator decides that the supplier’s claim was vexatious or wholly without merit, in which case costs will be assigned at the arbitrator’s discretion. The other costs of an arbitration, such as the parties’ legal costs, can be apportioned in the final award.

The costs of arbitration are recognised in full during the course of the arbitration. The income from arbitration costs recovery is recognised during the course of the arbitration based on time incurred and published hourly rates.

There were three cost recoverable arbitrations in 2021/22, one of which was ongoing at the end of the financial year.

Tangible fixed assets
Tangible fixed assets are initially measured at cost and are subsequently revalued where there is a material difference between cost and valuation. They are stated net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Expenditure on leasehold property – straight-line over lease term.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to the Statement of Comprehensive Net Expenditure.

Purchases of individual capital items over £1,000 will be recognised in the accounts as an asset and appropriately depreciated or amortised.

Financial instruments
Financial instruments are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case transaction costs are charged to operating costs.

The categorisation of financial assets and liabilities depends on the purpose for which the asset or liability is held or acquired. Management determine the categorisation of assets and liabilities at initial recognition and re-evaluate this designation at each reporting date. The categorisation of financial assets is determined based on both the business model and the nature of the contractual cash flows.
Financial assets
The GCA holds financial assets, which comprise of cash at bank and receivables. These are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Since these balances are expected to be realised within 12 months of the reporting date, there are no material differences between fair value, amortised cost and historical cost.

Prepayments over £1,000 will be recognised in the accounts as an asset.

Financial liabilities
The GCA holds financial liabilities, which comprise of payables and contract liability. Contract liability relates to unspent levy funds which will be brought forward against the levy amounts due in future periods. Since these balances are expected to be settled within 12 months of the reporting date, there are no material differences between fair value, amortised cost and historical cost.

Accruals over £1,000 will be recognised in the accounts as a liability.

Reserves
Income and expenditure reserve
The GCA holds Taxpayers equity in its reserves. Taxpayers equity is the net book value of fixed assets. At the end of the financial year, following adjustment for the movement in amounts held in Taxpayers equity, any levy income in excess of expenditure is adjusted as a rebate of the levy with a corresponding amount held in contract liability. The rebate is off-set against the levy invoiced in the following financial year.

Expenditure
All expenditure is recognised on an accruals basis. Purchases of individual capital items over £1,000 will be recognised in the accounts as an asset and appropriately depreciated or amortised.

Staff costs
All short term staff costs payable at the end of the year and which will be paid within one year from the reporting date are included in the Statement of Comprehensive Net Expenditure.

Value Added Tax
Output tax does not apply to the GCA’s activities and input tax is not recoverable. Irrecoverable input tax is charged to the relevant expenditure category.

Leases
Payments in relation to operating leases are calculated on a straight-line basis and charged to the Statement of Comprehensive Net Expenditure.

Provisions and contingent liabilities
Provisions and contingent liabilities rely on the application of professional judgement, historical experience and other factors expected to influence future events. Where the likelihood of a liability crystallising is deemed probable and can be measured with reasonable certainty, a provision is recognised.

Key judgements and estimates
The GCA makes judgements and estimates in the preparation of the financial statements. There are no judgements and estimates that have a significant risk and may cause a material impact.
2. Staff numbers and related costs

The cost of staff remuneration was:

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31-Mar-22</th>
<th>Year ended 31-Mar-22</th>
<th>Year ended 31-Mar-22</th>
<th>Year ended 31-Mar-21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Permanent Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>78,000</td>
<td>251,840</td>
<td>329,840</td>
<td>323,288</td>
</tr>
<tr>
<td>Social security costs</td>
<td>9,544</td>
<td>28,756</td>
<td>38,300</td>
<td>35,520</td>
</tr>
<tr>
<td>Pension costs</td>
<td>–</td>
<td>62,181</td>
<td>62,181</td>
<td>64,287</td>
</tr>
<tr>
<td>Total</td>
<td>87,544</td>
<td>342,777</td>
<td>430,321</td>
<td>423,095</td>
</tr>
</tbody>
</table>

(i) The remuneration of the Adjudicator is the only permanent staff cost.
(ii) There have been no severance payments in the year.
(iii) Other staff includes the costs for the staff seconded to the GCA (£328,764) and for agency staff (£14,013).

Average number of staff employed

The average annual number of full-time-equivalent staff (FTE), including secondees from other government departments, other organisations, staff employed on short-term contract and temporary staff, was:

<table>
<thead>
<tr>
<th></th>
<th>2021/22</th>
<th>2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent staff</td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Other staff</td>
<td>4.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Total</td>
<td>5.3</td>
<td>4.5</td>
</tr>
</tbody>
</table>

(i) The total number of staff reported outside of the accounts is based on head count, whereas the above figures are average FTEs for the year.

More detailed information relating to cost of staff is provided in the Remuneration and Staff report on page 52.
### 3. Other expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 31-Mar-22</th>
<th>Year ended 31-Mar-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountancy fees</td>
<td>£21,144</td>
<td>£8,376</td>
</tr>
<tr>
<td>Arbitration</td>
<td>£23,881</td>
<td>–</td>
</tr>
<tr>
<td>Audit fee</td>
<td>£12,750</td>
<td>£12,500</td>
</tr>
<tr>
<td>GIAA review fee</td>
<td>–</td>
<td>£7,080</td>
</tr>
<tr>
<td>Conferences &amp; events</td>
<td>£10,654</td>
<td>–</td>
</tr>
<tr>
<td>Corporates Services from BEIS</td>
<td>£10,451</td>
<td>£20,700</td>
</tr>
<tr>
<td>Legal costs</td>
<td>£1,938</td>
<td>£12,579</td>
</tr>
<tr>
<td>Licences</td>
<td>£10,179</td>
<td>£4,655</td>
</tr>
<tr>
<td>Marketing and Promotion Materials</td>
<td>£21,678</td>
<td>£15,233</td>
</tr>
<tr>
<td>Office equipment (IT and other consumables)</td>
<td>£1,094</td>
<td>£1,120</td>
</tr>
<tr>
<td>Bank charges</td>
<td>£500</td>
<td>£425</td>
</tr>
<tr>
<td>Photocopying, printing and postage</td>
<td>£330</td>
<td>£81</td>
</tr>
<tr>
<td>Press Cuttings</td>
<td>£298</td>
<td>£420</td>
</tr>
<tr>
<td>Rentals under the terms of occupation lease</td>
<td>(£9,503)</td>
<td>£28,677</td>
</tr>
<tr>
<td>Running costs – Victoria House/Cabot Square</td>
<td>£42,073</td>
<td>£44,480</td>
</tr>
<tr>
<td>Staff training</td>
<td>£9,366</td>
<td>£12,038</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>£2,299</td>
<td>£2,536</td>
</tr>
<tr>
<td>Survey &amp; Consultancy</td>
<td>£49,113</td>
<td>£34,475</td>
</tr>
<tr>
<td>Travel, subsistence and hospitality</td>
<td>£1,764</td>
<td>£2,132</td>
</tr>
<tr>
<td>Non-cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>£8,691</td>
<td>£8,691</td>
</tr>
<tr>
<td><strong>Total other operating charges</strong></td>
<td><strong>£218,700</strong></td>
<td><strong>£216,198</strong></td>
</tr>
</tbody>
</table>
4. Income

<table>
<thead>
<tr>
<th>Year ended 31-Mar-22</th>
<th>Year ended 31-Mar-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy raised</td>
<td>£1,912,180</td>
</tr>
<tr>
<td>Contract liability (Note 9)</td>
<td>(1,307,630)</td>
</tr>
<tr>
<td>Total Income</td>
<td>£604,550</td>
</tr>
</tbody>
</table>

Arbitration costs recovery
Investigation costs recovery

Total income

£640,330

5. Tangible fixed assets

<table>
<thead>
<tr>
<th>Expenditure on leasehold property</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2021</td>
<td>£118,800</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
</tr>
<tr>
<td>At 31 March 2022</td>
<td>£118,800</td>
</tr>
</tbody>
</table>

Cost

| At 1 April 2021 | £14,426 | £14,426 |
| Depreciation charged in the year | £8,691 | £8,691 |
| At 31 March 2022 | £23,117 | £23,117 |

Carrying value

| At 31 March 2022 | £95,683 | £95,683 |
| At 31 March 2021 | £104,374 | £104,374 |

Asset financing:

| Owned | £95,683 | £95,683 |
| Finance leased | – | – |
| On-balance sheet PFI contracts | – | – |

Carrying value at 31 March 2022

| £95,683 | £95,683 |
## Cost

<table>
<thead>
<tr>
<th></th>
<th>Expenditure on leasehold property £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2020</td>
<td>117,600</td>
<td>117,600</td>
</tr>
<tr>
<td>Additions</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>At 31 March 2021</strong></td>
<td><strong>118,800</strong></td>
<td><strong>118,800</strong></td>
</tr>
</tbody>
</table>

## Depreciation

<table>
<thead>
<tr>
<th></th>
<th>Expenditure on leasehold property £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2020</td>
<td>5,735</td>
<td>5,735</td>
</tr>
<tr>
<td>Depreciation charged in the year</td>
<td>8,691</td>
<td>8,691</td>
</tr>
<tr>
<td><strong>At 31 March 2021</strong></td>
<td><strong>14,426</strong></td>
<td><strong>14,426</strong></td>
</tr>
</tbody>
</table>

## Carrying value

<table>
<thead>
<tr>
<th></th>
<th>Expenditure on leasehold property £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 March 2021</td>
<td>104,374</td>
<td>104,374</td>
</tr>
<tr>
<td>At 31 March 2020</td>
<td>111,865</td>
<td>111,865</td>
</tr>
</tbody>
</table>

## Asset financing:

<table>
<thead>
<tr>
<th></th>
<th>Expenditure on leasehold property £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned</td>
<td>104,374</td>
<td>104,374</td>
</tr>
<tr>
<td>Finance leased</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>On-balance sheet PFI contracts</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

**Carrying value at 31 March 2021**

<table>
<thead>
<tr>
<th></th>
<th>Expenditure on leasehold property £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>104,374</td>
<td>104,374</td>
</tr>
</tbody>
</table>
6. Financial instruments

The majority of financial instruments relate to contracts to buy non-financial items in line with the GCA's expected purchases and usage requirements. The GCA was therefore exposed to little credit, liquidity or market risk. Please refer to the accounting policies section.

7. Receivables and other assets

Amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>As at 31-Mar-22 £</th>
<th>As at 31-Mar-21 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments</td>
<td>23,872</td>
<td>18,619</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>1,469</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,341</strong></td>
<td><strong>18,619</strong></td>
</tr>
</tbody>
</table>

8. Cash

<table>
<thead>
<tr>
<th></th>
<th>As at 31-Mar-22 £</th>
<th>As at 31-Mar-21 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 April 2021</td>
<td>1,490,294</td>
<td>1,633,268</td>
</tr>
<tr>
<td>Net change in cash balances</td>
<td>(43,467)</td>
<td>(142,974)</td>
</tr>
<tr>
<td>Balance at 31 March 2022</td>
<td>1,446,827</td>
<td>1,490,294</td>
</tr>
</tbody>
</table>

The following balances at 31 March 2022 were held at:

<table>
<thead>
<tr>
<th></th>
<th>£</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Banking Service</td>
<td>1,446,827</td>
<td>1,490,294</td>
</tr>
</tbody>
</table>

The GCA's bank account is an account held with the Government Banking Service.
9. Other payables and liabilities

**Amounts falling due within one year**

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31-Mar-22 £</th>
<th>As at 31-Mar-21 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract liability (Note 4)</td>
<td>1,307,630</td>
<td>1,368,198</td>
</tr>
<tr>
<td>Recoverable in respect of prior year</td>
<td>–</td>
<td>(20,760)</td>
</tr>
<tr>
<td></td>
<td>1,307,630</td>
<td>1,347,438</td>
</tr>
<tr>
<td>Accruals</td>
<td>164,538</td>
<td>118,462</td>
</tr>
<tr>
<td>Trade payables</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>1,472,168</td>
<td>1,465,900</td>
</tr>
</tbody>
</table>

**Analysis of accruals**

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31-Mar-22 £</th>
<th>As at 31-Mar-21 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances with other central government organisations</td>
<td>144,289</td>
<td>94,329</td>
</tr>
<tr>
<td>Balances with bodies external to government</td>
<td>20,249</td>
<td>24,133</td>
</tr>
<tr>
<td></td>
<td>164,538</td>
<td>118,462</td>
</tr>
</tbody>
</table>

**Amounts falling due after more than one year**

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31-Mar-22 £</th>
<th>As at 31-Mar-21 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accruals</td>
<td>–</td>
<td>43,013</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>43,013</td>
</tr>
</tbody>
</table>

**Analysis of accruals**

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31-Mar-22 £</th>
<th>As at 31-Mar-21 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances with other central government organisations</td>
<td>–</td>
<td>43,013</td>
</tr>
<tr>
<td>Balances with bodies external to government</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>43,013</td>
</tr>
</tbody>
</table>

Contract liability solely relates to the unspent levy due to be returned to the Retailers in the proportions in which it was contributed. The accruals relate to invoices for the secondment of staff, agency fees, IT services, rates and service charges, audit fees and accountancy fees.
10. Commitments under operating leases

<table>
<thead>
<tr>
<th></th>
<th>As at 31-Mar-22</th>
<th>As at 31-Mar-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other leases:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>10,772</td>
<td>40,431</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>–</td>
<td>89,905</td>
</tr>
<tr>
<td>Later than five years</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>10,772</td>
<td>130,336</td>
</tr>
</tbody>
</table>

The GCA has a service Memorandum of Terms of Occupancy with the Competition and Markets Authority (CMA) for rent and services. The initial lease term ends on 28 February 2033 but can be terminated at any time after 12 August 2022 (renegotiated from 31 July 2024 previously) subject to three months’ notice by either party.

11. Other commitments

The GCA had no capital commitments (2020/21: none) and no other financial commitments (2020/21: none).

12. Contingent liabilities & assets

There are no contingent liabilities and assets to report.

13. Related party transactions

The GCA is a Corporation Sole sponsored by BEIS and funded through a levy on the Retailers. BEIS is regarded as a related party. During the year, the GCA has had various material transactions with BEIS, through the provision of payroll for the Adjudicator and procurement and contracting services.

The GCA also has related party transactions with the CMA, these related to accommodation as the GCA is co-located with the CMA. The GCA also had transactions with the Department for Transport, Housing Ombudsman Service and BEIS for the secondment of staff.

None of the GCA members or key managerial staff undertook any material transactions with BEIS during the year, except for remuneration paid for their services. Please refer to the staff remuneration report for the remuneration paid to the Adjudicator.
14. Events after the reporting period

As three months’ notice to break the lease in August 2022 was not received in May 2022 as required, the next break date will be in July 2023 and causes the lease to have a lease term of more than 12 months.

In accordance with the requirements of IAS10 ‘Events After the Reporting Period’, post-Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate Report of the Comptroller and Auditor General. There are no other post-Statement of Financial Position events between the balance sheet date and this date to report. The Accounting Officer duly authorised the issue of these financial statements on the date of the Comptroller and Auditor General’s audit certificate.