



Groceries Code  
Adjudicator



# Annual Report and Accounts

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Improving  
fairness for  
suppliers

HC 164

1 April 2023 –  
31 March 2024



# **Groceries Code Adjudicator Annual Report and Accounts**

1 April 2023 – 31 March 2024

Presented to Parliament pursuant to Section 14 and Paragraph 15 of  
Schedule 1 to the Groceries Code Adjudicator Act 2013

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## Contact the GCA

[www.gov.uk/gca](http://www.gov.uk/gca)

[enquiries@groceriescode.gov.uk](mailto:enquiries@groceriescode.gov.uk)

**020 7215 6537**

**Report a Code-related issue  
in confidence  
[tellthegca.co.uk](http://tellthegca.co.uk)**

# Performance report

# Overview

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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 2022/23 and preceding years.

## Section overview

**/8**

Foreword

**/12-13**

GCA at a glance & 2023/24 highlights

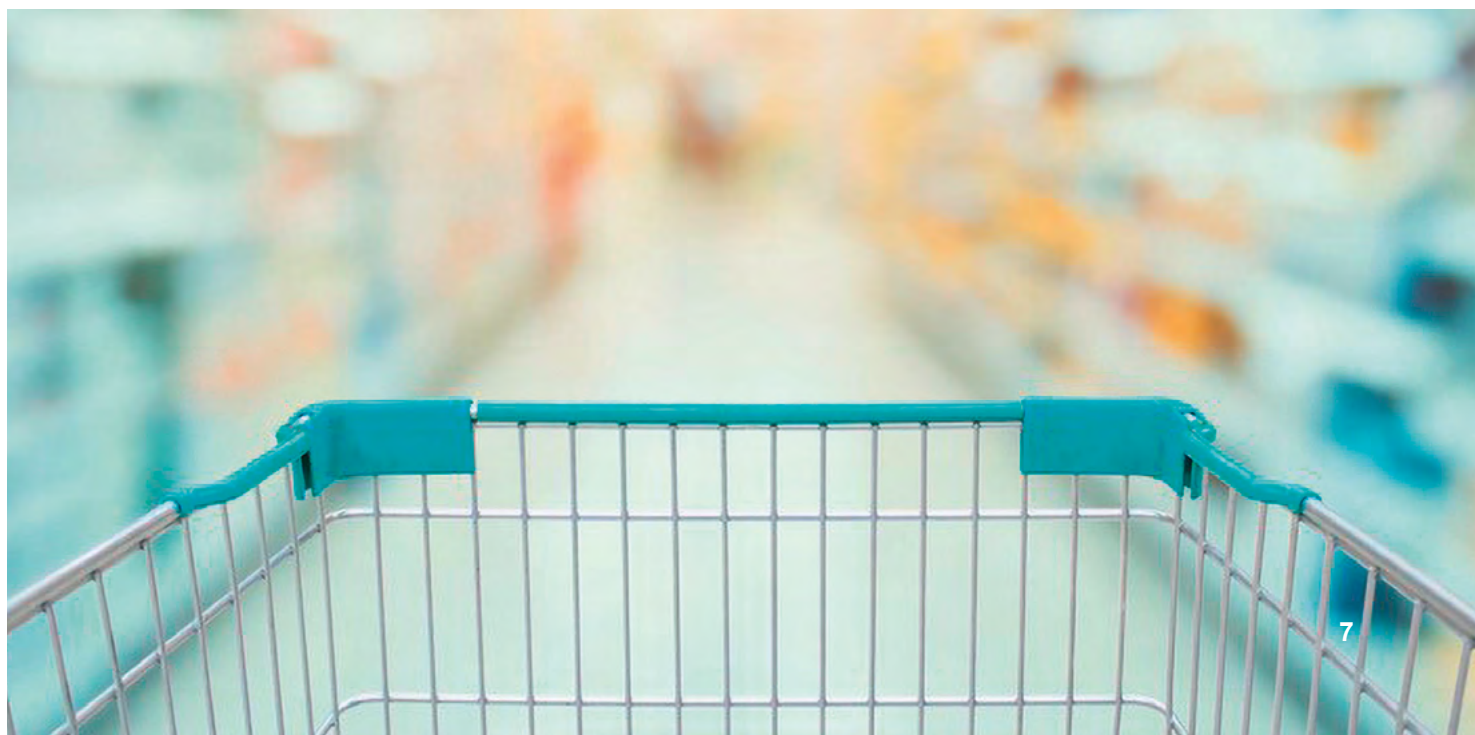
**/14**

About the Groceries Code Adjudicator

**/24**

Performance analysis

Machinery of government changes announced on 7 February 2023 mean sponsorship of the GCA transferred from the Department for Business, Energy & Industrial Strategy (BEIS) to the newly created Department for Business and Trade (DBT). References to BEIS in this document may include when an issue arose prior to the changes or where BEIS legacy policies, structures or responsibilities remain relevant.



# Foreword



Throughout the year covered by this report, many businesses in the groceries sector will have sought to move back towards more normal operations as input cost inflation reduced and the impact of some issues that have affected the sector have lessened. Despite this, there is still strain in the relationship between suppliers and the 14 designated retailers (Retailers) and some significant challenges to overcome. I am optimistic that during the coming year, if inflation remains low, we can continue to repair relationships, tackle issues and move the entire sector onto a stronger footing.

The impact of reduced cost price inflation during the financial year can be seen when comparing the results of my 2023 and 2024 surveys. My 2023 survey found that nine in ten suppliers had requested at least one cost price increase (CPI) and 28% of suppliers highlighted Retailers' responses to these requests as an issue (the most reported issue). In my 2024 survey, 67% of suppliers had requested a CPI with the number of suppliers flagging Retailers' responses as an issue falling to 14%.

Improvements in the sector are also shown in the 2024 survey across several other issues. The most significant of these include a 4% drop (25% to 21%) in suppliers highlighting inadequate Retailer processes and procedures in place to enable invoice discrepancies to be resolved promptly; a 5% drop (16% to 11%) in suppliers highlighting data input errors not being resolved promptly; and a 4% drop (15% to 11%) in suppliers experiencing delays in or not receiving payment when there are disagreements about deliveries. Overall, the number of suppliers which experienced at least one Code issue improved by 3% (36% to 33%).

For the first time, I asked suppliers about Retailers requesting a cost price decrease (CPD) with unreasonable timescales, unclear communication, fixed/automatic delists if refused, or requests for unnecessary

information. 5% of suppliers raised this issue and I am cognisant that the number of suppliers experiencing it could rise during the coming year. I have spoken to all the Retailers about how they manage CPDs and I expect the process to be fair, following the principles of my 7 Golden Rules.

As in 2023, 14% of suppliers raised de-listing (in supplier terms) in the 2024 survey. This inertia is likely in part caused by some of the Retailers conducting range reviews during the year including in response to price volatility and failed price negotiations. I worked with all the Retailers to ensure that when de-listing products, including as part of a range review programme, they are following the Code, including giving reasonable notice and allowing the supplier to have the decision reviewed.

I also reminded the Code Compliance Officers (CCOs) that the Code restricts the Retailers from requiring certain actions from their suppliers such as payments as a condition of being a supplier. I have



encouraged suppliers to contact me and a CCO confidentially if they feel a Retailer is requiring an action and this is an issue I will continue to be aware of in the year ahead.

I am extremely concerned about the survey findings regarding suppliers' perceptions of Amazon's Code compliance. Only 47% of suppliers believe that Amazon consistently or mostly follows the Code; a 12% decrease compared to 2023 and the lowest ever score. Amazon must comply with the Code and as Adjudicator I shall take any necessary and appropriate action to ensure suppliers are treated lawfully and fairly.

Challenges faced by primary producers became more prominent over the year, and I was delighted to attend the Farm to Fork Summits at No10 Downing Street in May 2023 and in May 2024 to discuss the GCA's role in protecting producers. As the Code does not cover price, I do not influence the price that Retailers are paying their producers. However, I have engaged with the Retailers about their supply chain structures, particularly when they are inserting or removing an intermediary given that this change may afford or remove the explicit protections of the Code from some businesses in the supply chain. Though use of intermediaries is not a breach of the Code, I do want to be sure that Retailers are properly explaining a change in supply of this nature and giving plenty of notice before making any change.

Engagement is a vital part of my role. Speaking to suppliers and trade associations has helped me to understand how these and other issues are impacting suppliers and the sector more widely, while I can also communicate potential next steps to those impacted. As part of my collaborative approach to regulating the Retailers, I regularly engage with all of them, intervening as soon as I am aware of an issue to try and quickly resolve it. In total across 2023/24, I held 132 meetings with the

Retailers, suppliers and producers, and trade associations.

I believe that it is important that there is a good understanding in Parliament of the work of the GCA and I was therefore pleased to engage with Members of Parliament (MPs) and members of the House of Lords during the reporting period, including regarding challenges faced by primary producers. I gave evidence in person to the House of Commons Business and Trade Select Committee and to the House of Lords Horticultural Sector Select Committee's inquiry into the horticultural sector. I also gave written evidence to the Environmental, Food and Rural Affairs Committee's inquiry on fairness in the food chain and have held meetings with individual MPs.

Interest in issues faced by producers led to a Westminster Hall debate in response to a petition calling for changes to the Code that received more than 100,000 signatures. The petition called for the Code to be reformed to better protect farmers. During the debate, several MPs spoke about their support for potential reforms although the then farming minister, Mark Spencer MP, explained the other levers the Government has to improve protections for primary producers including through the Agriculture Act 2020.

During this reporting period the Department for Business and Trade completed the third statutory review of the GCA, covering the period from 1 April 2019 to 31 March 2022. I was delighted that the review concluded that the GCA is regarded as a highly effective regulator which uses its "balanced and collaborative approach" to efficiently resolve issues. The review also highlighted that the GCA's understanding of inflation and response (including through my 7 Golden Rules) has "helped ensure that suppliers are given a fair hearing and that retailers are aware of their Code responsibilities."

Despite the positive conclusions of the review, there is of course more to do. I am therefore pleased that I have been reappointed for a further 3-year period following on from my current term which ends on 30 October 2024. In the last few years, the industry has seen significant issues develop rapidly, impacting wide swathes of the groceries sector. In the year ahead, I look forward to continuing my work with the Retailers, suppliers, trade associations, and other stakeholders to tackle emerging

issues, maintain and strengthen relationships across the sector and ensure fair and lawful treatment of suppliers.



**Mark White**

**Groceries Code Adjudicator and  
Accounting Officer**

**24 July 2024**



# GCA at a glance

Designated  
retailers



**£2m**

levy from  
Retailers  
per annum



**14** years of  
the Code



**13**

arbitrations  
2013 to 2024

**c.£0.9m**

operational  
expenditure

**Tens of  
thousands**  
of direct suppliers



**11**

sector  
surveys



**2**

formal  
investigations  
2013 to 2024



# 2023/24 highlights

Informed debate in the sector regarding food inflation, horticulture and the food supply chain

**Over 3,000**

responses to the annual supplier survey to inform the GCA how large Retailers are treating suppliers

More than

**450**

participants at the GCA's hybrid conference celebrating 10 years of the GCA

**Over 130**

meetings and supplier events enabling the GCA to understand issues impacting the sector

## Engaged with suppliers across the UK



# 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 regulates 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 designated retailers. This has since increased to the 14 Retailers listed below.

## Retailers regulated by the GCA (as at 31 March 2024)



The original ten Retailers were given some time to set up a voluntary ombudsman. When no voluntary ombudsman was set up, 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 current Adjudicator, Mark White, was appointed on 31 October 2020, having acted as 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) of the department with responsibility for the GCA (currently the Department for Business and Trade (DBT)).

In July 2023, the Government published the findings of its [third statutory review](#) into the work of the GCA. The review covered the period from 1 April 2019 to 31 March 2022 and concluded that “the overwhelming view of retailers, suppliers and others is that the GCA is a highly regarded, efficient and effective regulator”. The review found that the GCA, through its “balanced and collaborative approach” can efficiently resolve issues, which is appreciated by the sector. The Government decided not to transfer the functions of the GCA to the CMA or another public body.

## 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 takes a collaborative approach to regulating the 14 Retailers and aims to intervene when it is made aware of an issue, ideally before a supplier has faced any detriment or incurred any costs. 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.

The GCA also encourages suppliers 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 Adjudicator can launch investigations where he has reasonable grounds to suspect the Code has been broken. If a breach of the Code is found, the Adjudicator 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 de-listing.



Suppliers protected by the Code are those directly supplying a Retailer with groceries for retail 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

<b>Impact:</b>	The greater the impact of the practice raised, the more likely it is that the GCA will take action.
<b>Strategic importance:</b>	Whether the proposed action would further the GCA's statutory purposes.
<b>Risks and benefits:</b>	The likelihood of achieving an outcome that stops breaches of the Code.
<b>Resources:</b>	A decision to take action will be based on whether the GCA is satisfied the proposed action is proportionate.

The GCA must carry out its statutory functions as set out in the GCA Act, including protecting the anonymity of suppliers who provide information, if that is what they wish. The GCA has developed a modern regulatory approach, by working collaboratively with the Retailers and aiming to intervene when it is made aware of an issue. 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 below.



## 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 delivers results more quickly and significantly reduces the cost of regulating the Retailers.

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 refer to published GCA information and to approach CCOs directly because they can deal with issues quickly and, where needed, discreetly.

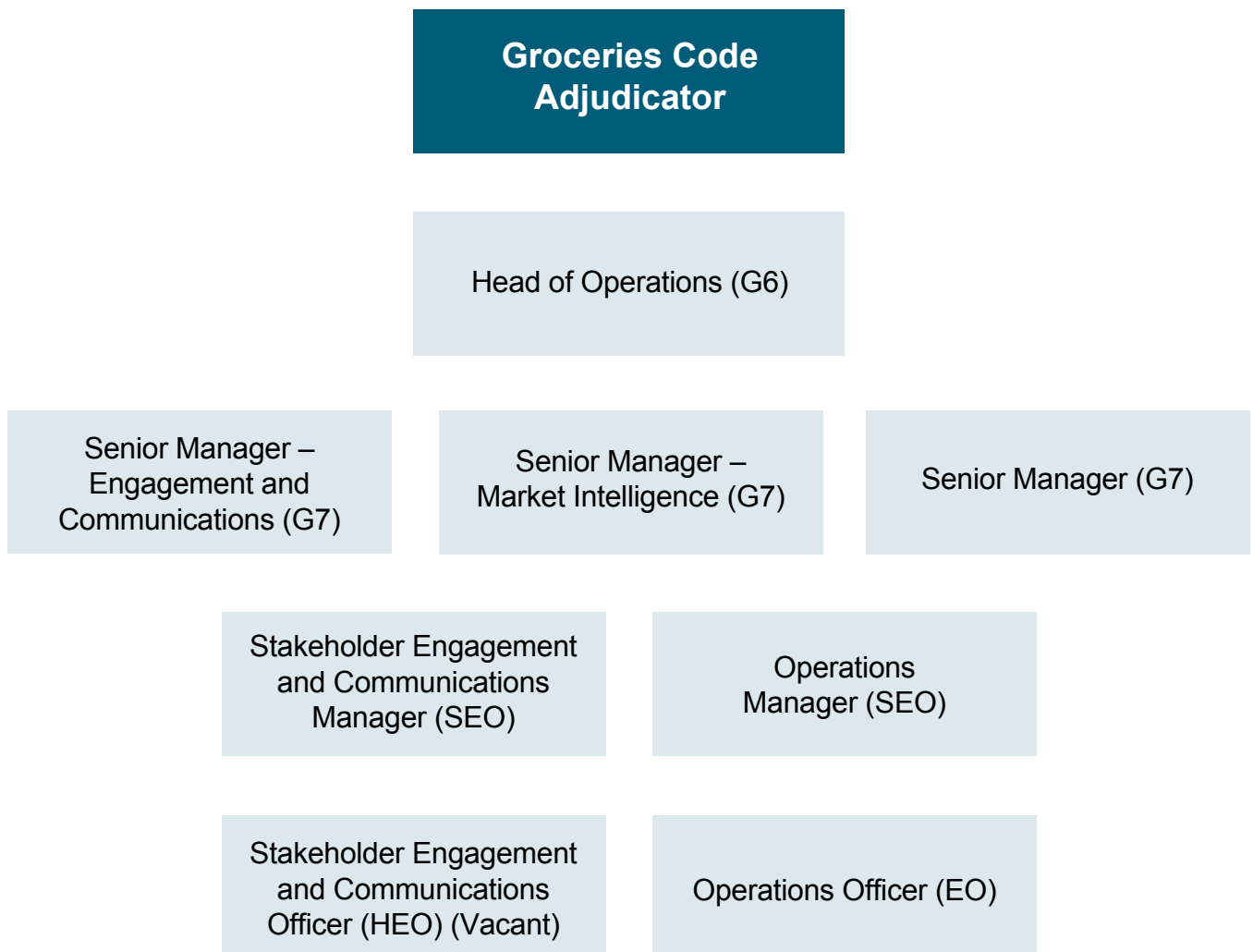
Litigation between suppliers and Retailers may raise issues of importance to the GCA. In cases where the GCA considers that court proceedings are of relevance to the regulatory regime and may affect the application of its rules generally, the GCA may apply to intervene in those proceedings and may be able to offer assistance to the court in resolving the issues in question.

More information about the work of the GCA is available on [the GCA website](#).

## The office of the GCA

The GCA is a Corporation Sole and an independent regulator sponsored by DBT. The Adjudicator is supported by a small team of staff, all of whom are seconded from public bodies.

The organisation chart as at the conclusion of the reporting period is shown below.




## Risks

The GCA Audit and Risk Committee (see Governance Statement, page 39) 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.

GCA principal risks					
Key					
Relation of risk to key objectives	Promoting the work of the GCA	Providing advice and guidance	Acting on suppliers’ issues and information	Improving the culture of Code compliance	Relates to all four objectives
Risk movement		Risk increase		Risk decrease	No risk movement
Risk theme/ description	Strategic objective	Key controls and activities to manage risks	Post-mitigation risk rating		
			RAG	Movement	
Operational resilience High staff turnover, recruitment or HR issues impeding the delivery of the GCA objectives		<p>As the GCA’s small size and statutory footing continue to contribute to recruitment and retention challenges, the GCA works to mitigate the impact and likelihood of this risk including by:</p> <ul style="list-style-type: none"> <li>Ensuring retention challenges are addressed. In 2023/24 the GCA has:                             <ul style="list-style-type: none"> <li>Engaged in advance planning on extending secondment agreements where appropriate.</li> <li>Improved mechanisms for staff handover and knowledge retention.</li> <li>Proactively engaged with the CMA and DBT to maximise the opportunity presented by the conclusions of the third statutory review.</li> </ul> </li> </ul>	Red		

Risk theme/ description	Strategic objective	Key controls and activities to manage risks	Post-mitigation risk rating	
			RAG	Movement
		<ul style="list-style-type: none"> <li>Focusing on recruitment and the staffing of the GCA team. In the reporting period:                             <ul style="list-style-type: none"> <li>One new Grade 7 has joined the GCA.</li> <li>The GCA has made use of all recruitment options including using DBT and the CMA to recruit on the GCA's behalf.</li> <li>The GCA has focused on long term planning of future recruitment to ensure vacancies have a long lead time.</li> </ul> </li> </ul>	Red	→
<p>Legal or policy changes</p> <p>Changes in the legal or policy environment impede the delivery of GCA objectives.</p>		<ul style="list-style-type: none"> <li>The GCA remained abreast of issues affecting the groceries sector and the Code and engaged directly with cross government partners to communicate and understand emerging issues, such as those arising from the passing, and implementation, of the Agriculture Act 2020, and the possible impact on the delivery of GCA objectives.</li> <li>The GCA engaged proactively with the BEIS/DBT statutory review of the GCA for 2019/22 to ensure good BEIS/DBT understanding of the current delivery of statutory and other GCA objectives and the likely impact of any change in status.</li> <li>The GCA has continued to engage proactively with DBT at official and ministerial levels, providing evidence, insight and challenge, including about the impact of any proposed changes to the GCA's status.</li> </ul>	Red	→

Risk theme/ description	Strategic objective	Key controls and activities to manage risks	Post-mitigation risk rating	
			RAG	Movement
Operational Resilience Negative audit opinion from the NAO		<ul style="list-style-type: none"> <li>The GCA enhanced engagement with the NAO and with DBT regarding audit by the NAO. This has included NAO attendance at GCA Audit and Risk Committee meetings and bilateral meetings to ensure effective delivery of the audit.</li> <li>The GCA engaged in financial reporting during the year through GCA governance mechanisms (Executive Committee, Governance Board and Audit and Risk Committee).</li> <li>Monthly reports are run from the finance system to monitor expenditure and action is taken to deal with budgetary pressures.</li> <li>There is a robust system of checks and balances in place on expenditure.</li> </ul>	Amber	↑
Operational Resilience Disruption caused by failure in IT systems impede the delivery of GCA objectives		<p>The GCA has maintained a good working relationship with the IT services provider, Integrated Corporate Services (ICS) and has taken further steps including:</p> <ul style="list-style-type: none"> <li>Recording problems to use as evidence to persuade ICS to make improvements.</li> <li>Regularly reviewing communications to remain up to date with any IT updates.</li> <li>Making use of IT experts in ICS to control known IT risks ahead of key GCA events such as the annual conference.</li> </ul>	Amber	↑

## Going concern

The GCA will receive levy income for 2024/25 to fund its activities. The SoS gave consent to the proposed GCA levy for 2024/25 on 24 May 2024. The total proposed levy for 2024/25 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 that 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. A going concern basis for the preparation of these financial statements has been adopted as appropriate.

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 DBT where necessary.



# Performance analysis



This section of the GCA Annual Report reviews the GCA's performance during the 2023/24 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 2023/24

#### Disputes referred to arbitration under the Order

- There were two ongoing arbitrations at the end of the prior year reporting period. Both were concluded within the 2023/24 reporting period.
- The GCA did not accept appointment as arbitrator in any disputes in the reporting period and, accordingly, there were no ongoing arbitrations at the end of the reporting period.

#### Investigations carried out by the GCA

- No new formal investigations were launched during the reporting period.

#### Cases in which the GCA has used enforcement measures

- No new formal 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.

## Objective 1: Promoting the work of the GCA



### Supplier awareness of the GCA and understanding of the Code

- The 2024 GCA annual survey showed that supplier understanding of the Code and the GCA was stable. 84% of direct supplier respondents were aware of the GCA and 75% had a good or fair understanding of the Code.

### Meetings

- In total the GCA held more than 150 meetings including 83 meetings with Retailers, 23 one-to-one meetings with suppliers to discuss Code issues and 27 meetings and events with a number of supplier and/or trade association representatives. The GCA also met with MPs and Ministers on 10 occasions including at the UK Farm to Fork summit held at 10 Downing Street on 16 May 2023 and when giving evidence to Parliamentary committees.
- The Adjudicator attended several large events where he explained his priorities to, and took questions from, a number of suppliers and other stakeholders. These include speaking at the Northern Ireland Food and Drink Association's annual conference, at a National Farmers Union (NFU) Council meeting, at the NFU Scotland annual conference and at the National Fruit Show.
- During the year, the GCA discussed the Code with international stakeholders from Canada, New Zealand, and Norway.

### Media

- The GCA has received regular coverage, particularly in trade publications, about a number of issues and the Adjudicator has conducted several interviews.

### Digital communications

- The GCA regularly updates the GCA website so it provides the information that suppliers may need. This includes the Code Confident Pack which includes CCO and other contact details for all 14 Retailers. The GCA website attracted more than 5,600 unique page views to its homepage in 2023/24.
- The GCA communicates to stakeholders using its newsletter and social media channels. Four newsletters were sent out to more than 1,500 subscribers during the reporting period. The GCA launched a corporate LinkedIn account and is steadily growing the number of followers.

### GCA annual conference

- On 28 September 2023, the GCA held its first hybrid conference, which was attended by hundreds of representatives of suppliers, Retailers, trade associations and others. The conference marked ten years since the creation of the GCA with speakers discussing the work of the GCA and improvements in Code compliance over the past decade.
- The Adjudicator set out his priorities and issues facing the sector, YouGov presented the findings of the deep dive interviews conducted with suppliers as part of the 2023 annual survey and there were two panel sessions on how CCOs support suppliers and challenges facing the sector.

## Objective 2: Providing advice and guidance



### Advice and guidance to Retailers

- In response to changing levels of inflation and supplier concerns around CPD conversations, the GCA worked with all the Retailers to ensure their buying teams applied the principles of the 7 Golden Rules.
- The GCA worked with Retailers to understand the relationships they have with intermediaries in the fresh produce sector. The GCA is interested in how the addition or removal of intermediaries to the supply chain may afford, or remove, the protections of the Code to businesses in the supply chain.
- The GCA discussed with all CCOs the restrictions in the Code on “Requiring” (as defined in the Code) actions by suppliers.
- The GCA gave advice to individual Retailers relevant to particular circumstances, including regarding

the efficacy of Retailer governance arrangements for oversight of compliance with the Code.

### GCA website

- The GCA has provided advice and guidance through its website, including:
  - Information about arbitrations, the levy funding policy and the commitment to confidentiality;
  - Updated versions of the Code Confident pack including Retailer CCO contact details and;
  - 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 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 insights about supplier issues from a range of sources including its annual survey, meetings with suppliers, trade associations and other stakeholders, and from direct engagement by phone, email and through the Tell the GCA 24/7 confidential reporting platform.
- When the issues fell within the scope of the Code, the Adjudicator raised the issue with the relevant Retailers’ CCOs (where this was possible while appropriately

protecting suppliers’ confidentiality). The GCA also encouraged suppliers to confidentially contact the CCOs to resolve their issues.

- The GCA’s collaborative approach includes regular progress meetings with the CCOs. In the reporting period, the GCA held these in July and October 2023 and March 2024. The Adjudicator also met with the chair of each Retailer’s audit committee, or CEO or other representative where the Retailer did not have an Audit Committee chair.

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

- The GCA raised Code issues with the Retailers, including through the regular meetings with CCOs and through specific meetings arranged to discuss significant issues.
- Retailers reported back on issues raised by the GCA, including in reports submitted to the GCA before progress meetings. Actions taken by Retailers included making improvements to systems and processes, communicating with buying teams to remind them of expected behaviours and communicating with suppliers to reduce uncertainty, and delivering training to reduce the risk of issues occurring or recurring.
- During the reporting period, the GCA worked with the Retailers on issues including the application of the principles of the 7 Golden Rules to requests for CPDs, de-listing procedures, buyer behaviour and training, not “Requiring” certain action from suppliers, goods-in processes, retrospective audits, and Retailers’ use of intermediaries. The GCA also worked with individual Retailers on specific issues, including changes made by Amazon to ensure its timely transition to Code compliance and Tesco’s introduction of a fulfilment fee paid by suppliers per unit of their products purchased by consumers through Tesco’s online channels.

## Objective 4: Improving the culture of Code compliance



### Compliance culture at Retailers

- The GCA held regular meetings with Retailer CCOs, and met Retailer Audit Chairs and CEOs, discussing, among other issues, the importance of the tone from the top of Retailers, of good training and of effective performance management in ensuring compliance with the Code.
- The GCA analysed the Annual Compliance Reports (ACRs) from all 14 Retailers and provided feedback on themes identified across all Retailers. The number of new issues reported by suppliers in the ACRs rose from 206 in 2021/22 to 276 in 2022/23.

### Expectation of compliance by suppliers

- The GCA acted to increase awareness of the Code and to encourage suppliers to raise issues with the GCA and Retailers. In regular meetings with suppliers the GCA explained the Code, the GCA’s collaborative approach, and the options available to suppliers facing issues. These meetings and other communications covered the GCA and CCOs’ commitments to confidentiality and Retailers’ commitments to protecting relationships with suppliers that raise issues.

## Annual survey

The annual survey is an important element of the GCA's regulatory approach, enabling suppliers to tell the GCA confidentially about their experiences of working with the Retailers. The survey provides a detailed picture of suppliers' perceptions of Retailer Code compliance, changes to Retailer behaviour, and the issues suppliers are experiencing. The findings of the survey inform the GCA's work, including prioritisation of action by Retailers to address specific issues.

### Survey overview

The 11th survey was open from 15 January 2024 to 25 February 2024 and was run by the independent polling company YouGov. To continue benchmarking progress, the survey posed similar questions to previous surveys with the addition of asking suppliers about CPD requests in light of falling inflation.

In 2024, for the first time the survey attracted over 3,000 participants. This included responses from 2,785 direct suppliers, 166 indirect suppliers and 36 trade associations, providing the GCA with more data than ever before. The GCA promoted the survey through the trade press, a social media campaign and trade associations. Retailers supported the survey by asking their suppliers to complete it.

### Results overview

On the whole suppliers' experiences have improved in the past 12 months. The number of suppliers which reported having experienced no issues with Retailers improved (51% from 49%) while one in ten raised an issue with a Retailer in the past 12 months, a slight increase from 2023 (8%), which may indicate increasing confidence in suppliers reporting issues to Retailers.

For the majority of Code issues, the level of reporting of each issue was either stable

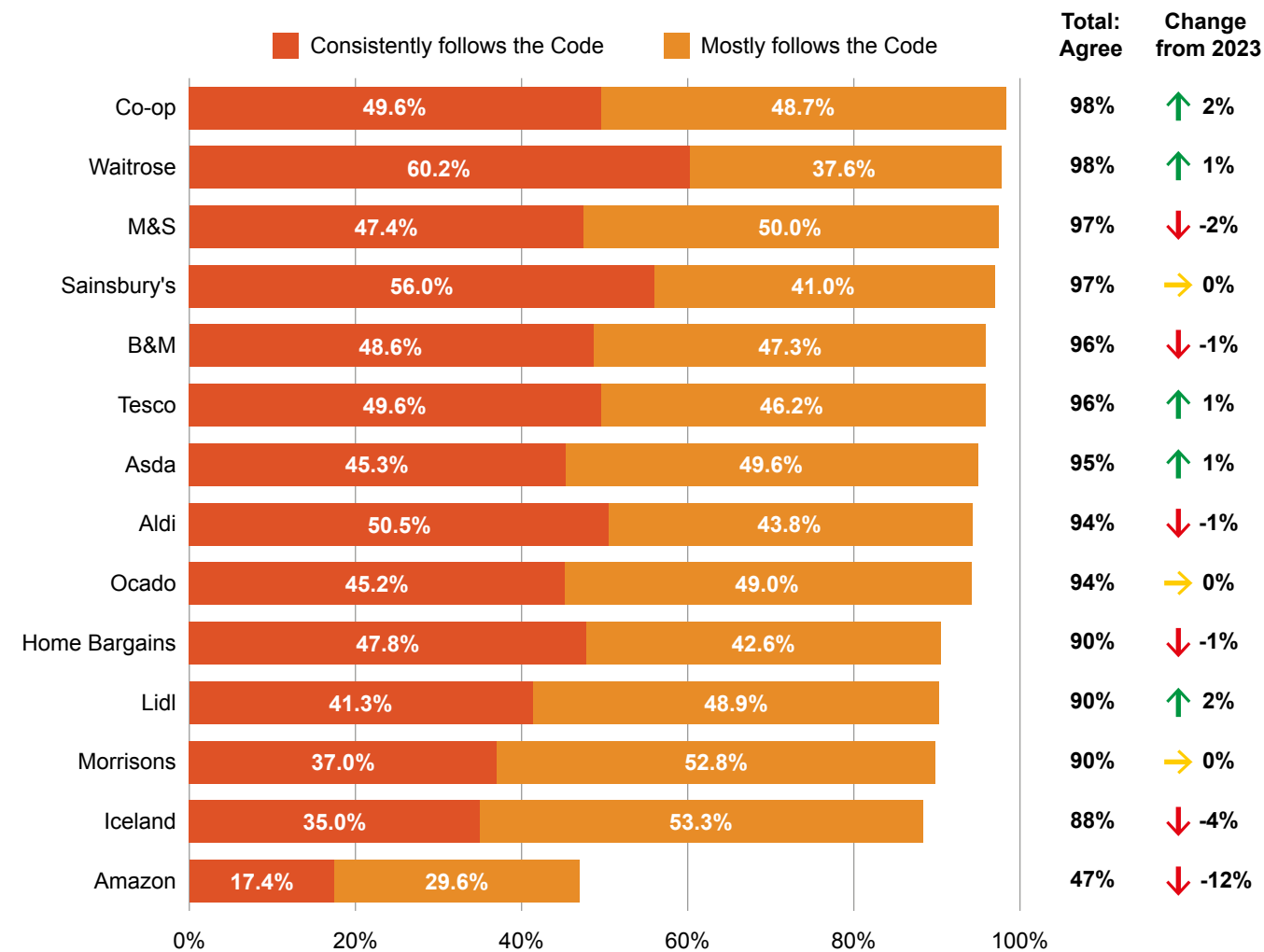
or reduced from 2023 to 2024. However, the level of supplier issues overall has not yet returned to the levels seen in 2021, suggesting a possible ongoing impact from the challenges faced by the sector in recent years.

Suppliers' concerns about Amazon's compliance can be seen throughout the survey results where views remain strongly negative and have worsened since last year. The GCA is deeply concerned about these results and continues to work with Amazon to ensure compliance.

### 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. In the 2024 survey, the scores for 'mostly or consistently' complying with the Code ranged from 98% to 47%. Only two Retailers scored below 90%, with Iceland on 88% and Amazon scoring 47%. The average score across all Retailers for overall perceived compliance was 91% which is a decrease of 1% since 2023, although when removing Amazon from this measure the average overall compliance score was unchanged at 94%.

## Suppliers with a positive perception of overall Retailer Code compliance

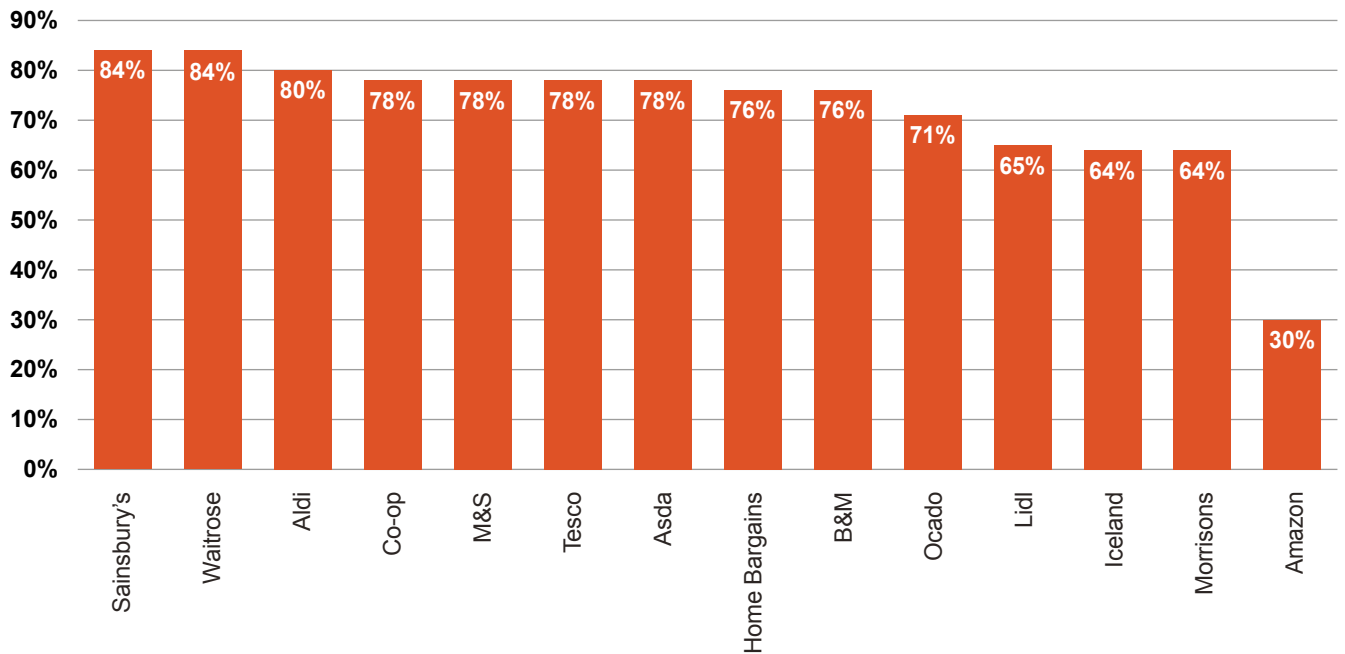


Source: GCA annual survey 2024 and 2023

In 2024 there is a new Retailer at the top of the overall league table, with Co-op scoring 98%, closely followed by Waitrose, which also scored 98%. M&S came third with a score of 97%. At the other end of the table, only 47% of suppliers believe that Amazon consistently or mostly follows the Code; a 12% decrease compared to 2023. Iceland's score also dropped by 4%.

When asked whether the Retailers conduct trading relationships fairly, in good faith and without duress, suppliers reported improved perceptions for 12 of the 14 Retailers. For the first time, Sainsbury's came top with 84% of suppliers strongly agreeing or tending to agree. Again, Waitrose followed closely behind, also scoring 84%. Amazon again scored lowest on this measure, with only 30% of suppliers agreeing the Retailer conducts its relationships in that manner.

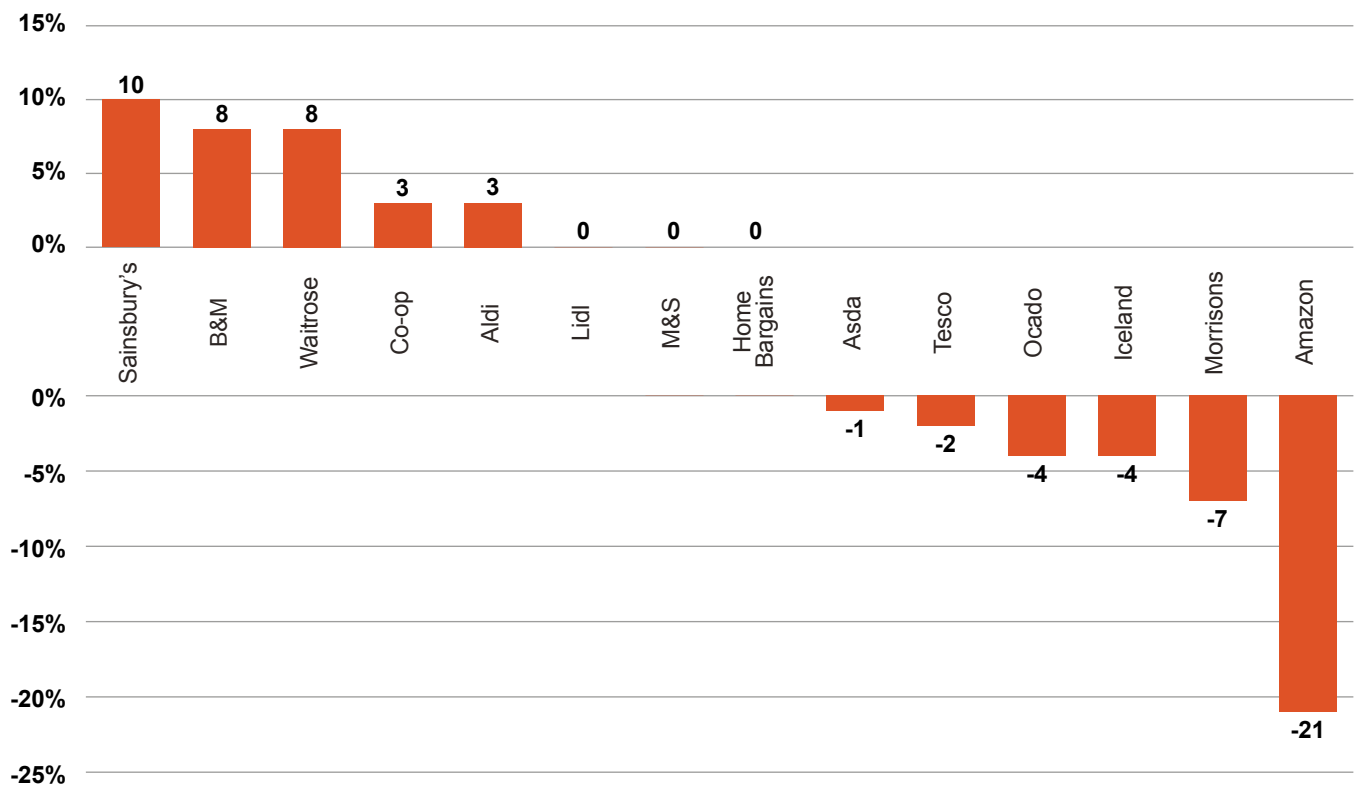
## Suppliers that agree Retailers conduct the trading relationship fairly, in good faith and without duress



Source: GCA annual survey 2024

Suppliers responding to the survey are also asked to say whether they believe Retailers' practices have improved or worsened in the last year. Overall, perceptions of change in practice remained broadly similar to 2023, with the range of net improvement scores (subtracting the percentage of suppliers reporting worsening practice from that reporting improvement) between 10 and -21 (compared to 9 to -19 in 2023).

## Suppliers' perception of change in Retailer practice in the past year (ranked by net improvement score)



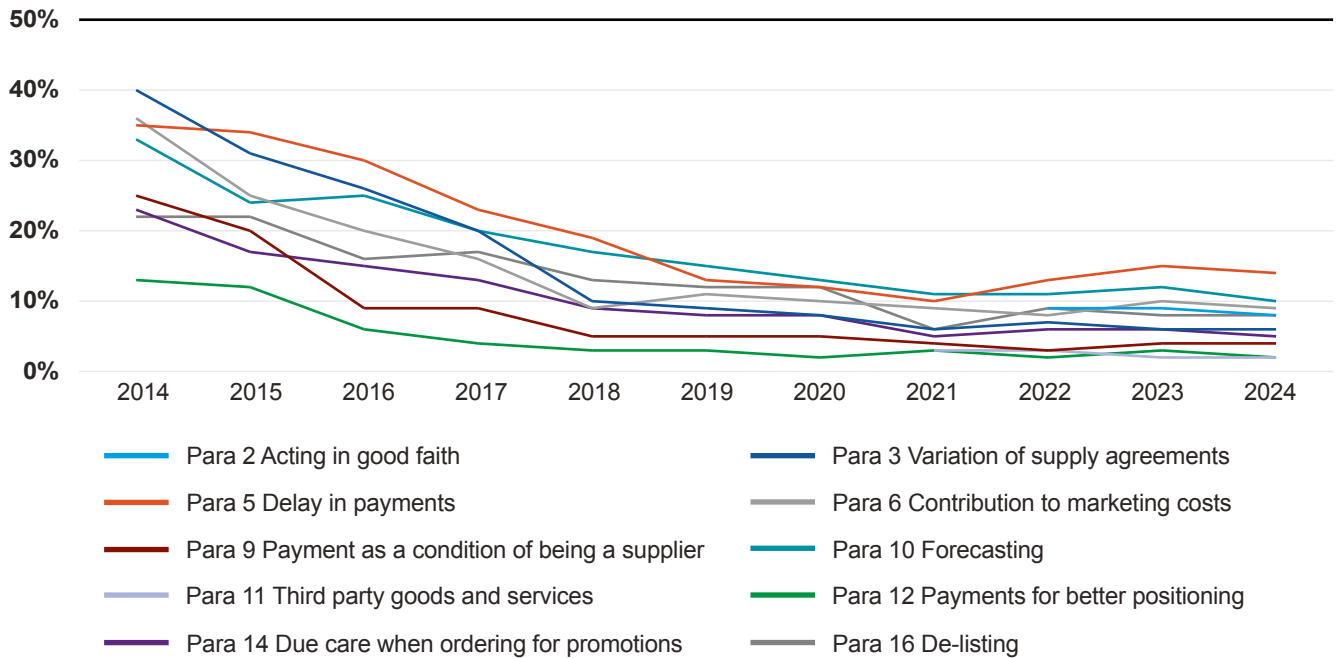
Source: GCA annual survey 2024

### Code Issues

In 2024, the number of suppliers that experienced at least one Code issue dropped from 36% to 33%. The percentage of suppliers reporting each Code issue either declined or remained the same in most cases, although changes between 2023 and 2024 were generally small. As last year, the top three issues in Code language reported by suppliers were delay in payments (14%), forecasting (10%) and the obligation to contribute to marketing costs (9%).



## Suppliers that report an issue with these Code paragraphs 2014–2024



Source: GCA annual surveys 2014–2024

### Supplier Issues

When asked about issues in supplier language, the most common issue experienced was inadequate processes and procedures to enable prompt resolution of invoice discrepancies (21%), followed by incurring significant costs because of inaccurate forecasting by Retailers (18%).

The third most reported issue was refusal to consider a CPI or an unreasonable delay in reaching a decision on a CPI request (16%), which saw the most significant change year-on-year with a 12% reduction in suppliers reporting the issue. This is the lowest score since the addition of this question in the 2022 survey, reflecting the easing of inflationary pressures in the sector.

In 2024, suppliers were asked for the first time whether they had experienced issues related to CPD requests by Retailers with unreasonable timescales, unclear communication, fixed/automatic de-lists if refused, or requests for unnecessary information. This issue has not generated the same level of concern as CPIs, being reported by only 5% of suppliers.

### Suppliers and the Code

The survey also explores suppliers' awareness and understanding of the GCA and the Code as well as willingness to raise issues and levels of Code training.

The 2024 survey showed a record percentage of suppliers that have received training (50% from 47%). Similarly to previous years, micro and small suppliers are the least likely to have had training on the Code, with over two-fifths of those that have not, saying they didn't know there was training. A list of training providers of which the GCA is aware is available on the GCA website ([www.gov.uk/government/publications/groceries-code-training-providers](http://www.gov.uk/government/publications/groceries-code-training-providers)).

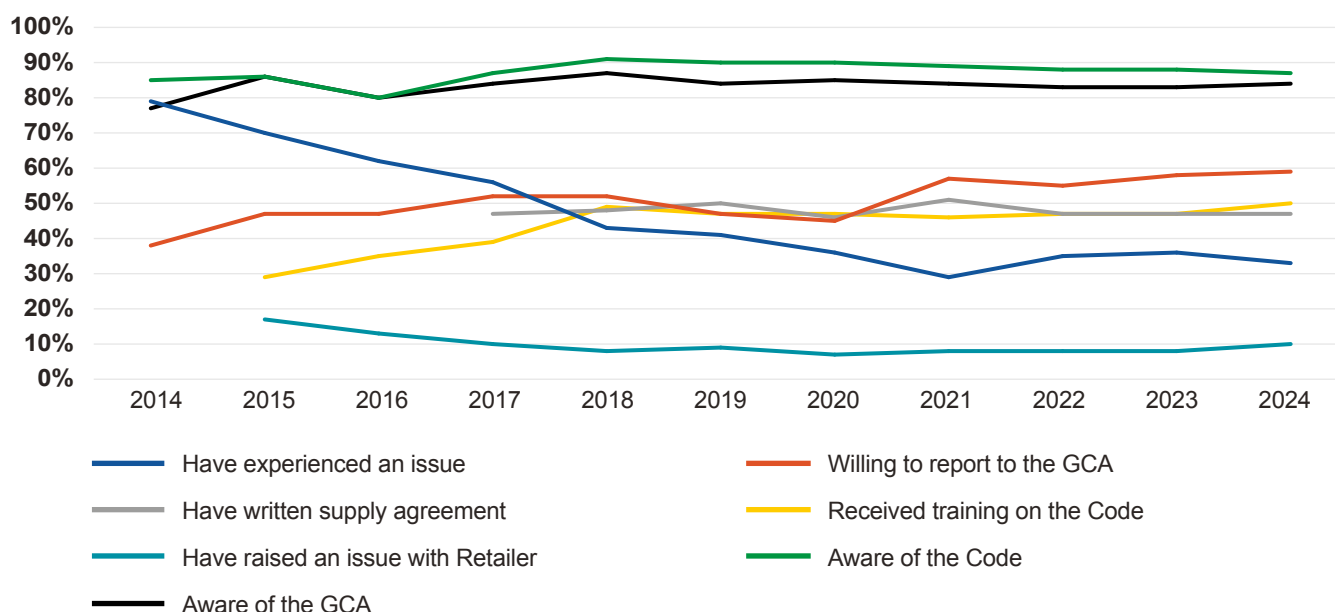
When raising issues with Retailers, respondents were most likely to have reported them to a buyer or the CCO.

Suppliers who do raise the Code are more likely to report a positive reaction than a negative one, although overall they tend to say Retailers react neutrally.

There were small increases in the willingness to report issues to the GCA (59% from 58%) and awareness that the GCA operated confidentially (82% from 81%). Of the 41% of suppliers that are either unwilling to or unsure about reporting an issue to the GCA, the most cited reasons remained believing the Retailer will find out and there will be consequences for their business (42%) or that they could address the issue themselves (29%).

The level of Code and GCA awareness among direct suppliers in 2024 was also similar to last year (87% from 88% and 84% from 83% respectively).

### Supplier attitudes towards the Code & GCA



Source: GCA annual surveys 2014–2024

The GCA has engaged with each Retailer about what the results mean for their business and will seek regular updates on work plans to address the issues raised by suppliers.

As in the past three years, YouGov will also follow up the survey by interviewing some direct suppliers in summer 2024 to explore findings in greater depth.



**Mark White**  
**Groceries Code Adjudicator and Accounting Officer**

**24 July 2024**



# 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 and Trade (DBT). 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.

## Governance structure

The GCA governance structure combines efficient decision making with accountability and transparency. As Accounting Officer, I chair the Governance Board (the 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 DBT as a non-executive director. The DBT representative can look at governance through a sponsorship body lens and brings a valuable external viewpoint as well as constructive challenge to the Board.

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 during

the reporting period 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 a [summary of our governance](#) is available on the GCA website.

## Register of interests

A [register of interests of the GCA](#) is available on the GCA website. 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 2023/24. Accordingly, the GCA did not refer anything to the Information Commissioner.



**Mark White**  
**Groceries Code Adjudicator and**  
**Accounting Officer**

**24 July 2024**

# 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 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 Business and Trade (SoS) who will be responsible for laying the accounts before Parliament.

The accounts follow the form and the basis set out in the account's 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:

- Observe the Accounts Direction issued by the SoS, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards set out in the FReM have been followed, and disclose and explain any material departures in the financial statements; and

- Prepare the financial statements on a going concern basis.

The Principal Accounting Officer for BEIS 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.

As the Accounting Officer, 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. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

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**

**24 July 2024**

# Governance statement

## Scope of responsibility

The GCA is a Statutory Office and Corporation Sole. The Adjudicator 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

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 annually in line with best practice released by the Cabinet Office in April 2022.



## 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 fulfill 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 Adjudicator as Accounting Officer and ensure that the GCA makes appropriate use of public funds.

### Membership

- Chair: The Adjudicator.
- GCA Head of Operations.
- DBT Deputy Director, Competition Policy.

### Additional information

- All members attended each of the three meetings held during the year.
- The Board meets at least three times a year, proportionate to the size of the GCA.
- The Board's work is informed by the Audit and Risk Committee and the Executive Committee.
- During the year the Board considered issues including financial performance and the annual levy, board effectiveness, people and recruitment, this annual report and the Adjudicator's update reports.
- 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.
- 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: The Adjudicator.
- GCA Head of Operations.
- GCA team member, to be appointed by the Chair at the start of each GCA financial year, for a term of one year.

### 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 six times during the reporting period. Each meeting held was quorate.
- During the year the Committee considered issues including: people and learning & development, board effectiveness, 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.

## 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: The 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). Each meeting held was quorate.
- 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, confirmed by the review of board effectiveness.

## 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 £2 million. The levy was split evenly between the 14 Retailers, 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 2024/25 on 24 May 2024. The total levy for 2024/25 is set at £2 million. The levy will be evenly split between the Retailers with no variable element. This is the same amount and methodology as in 2023/24. It is accordingly considered appropriate to adopt the going concern basis for the preparation of these financial statements.

### 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 2024/25 to fund its activities as noted above. The GCA therefore considers it 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 DBT 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 2024 is £26,000 (2022/23: £15,000).

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

The GCA has identified 19 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 team. The ARC discusses the approach to risk management at each meeting. 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 as at November 2023 and current as at 31 March 2024.

GCA risk profile			
1			Significant Moderate Minor
5	6	2	
5			
Unlikely   Possible   Likely			Impact
Likelihood			

The GCA has a comprehensive risk register which is formally reviewed by the ARC every six months. The register considers risks under the following eight categories: finance, procurement and audit; people; operational; relations with Retailers; stakeholder management; governance; reputational; 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 2023. The internal perspective is provided by the GCA Executive Committee which reviewed the risk register in May and October 2023.

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 controls 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 3.10 days (2022/23: 2.99 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 2023 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 the 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 August 2022 and, following the conclusion of the reporting period, in June 2024.

### 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 size of the GCA.

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 well-designed processes and procedures for internal audit already in place, the ARC agreed in November 2023 that no independent review was needed in 2023/24 and will next consider an independent review in November 2024.

### Board effectiveness

The GCA conducted an externally led review of board effectiveness in 2023/24 covering the role of the Board and its sub-committees in supporting the Accounting Officer in fulfilling his responsibilities. The review identified no serious governance gaps, but the GCA is implementing a number of recommended actions to improve the functioning of the Board and its sub-committees.

### Whistleblowing

Throughout the reporting period the GCA adopted the BEIS Whistleblowing and Raising a Concern Policy. The GCA does not directly employ any member of the GCA office and adhered to the BEIS policy. The BEIS whistleblowing policy is clearly signposted to in the GCA delegations and financial procedures document. Following the machinery of government changes the availability of DBT's designated whistleblowing officers was communicated to the GCA team, and after the end of the reporting period, the GCA adopted the DBT Raising a Concern and Whistleblowing Policy & Procedure from 15 May 2024.

### Functional standards

The GCA has reviewed each of the UK Government Functional Standards and, in accordance with "Dear Accounting Officer letter 05/21" issued by HM Treasury in September 2021, has a plan in place 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-payroll engagements and board members and senior officials with significant financial responsibilities are provided in tables 1, 2 and 3 in the remuneration and staff report (pages 51 and 52).

The GCA Board comprises of the Adjudicator, the GCA Head of Operations and a DBT 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 the GCA's ICT and Digital services are provided by Integrated Corporate Services (ICS), a shared corporate service established by the Department for Energy Security & Net Zero (DESNZ) and the Department for Science, Innovation & Technology (DSIT). The reporting associated with the GCA will be incorporated into the CMA's Annual Report and Accounts and DESNZ's Annual Report and Accounts.


## 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 2023/24 financial year.



**Mark White**  
**Groceries Code Adjudicator and**  
**Accounting Officer**

**24 July 2024**

# 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 an 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 secondees's relevant department.

The current Adjudicator's salary payments in this financial year were in the band of £110,000 to £115,000 pro-rated from an annual salary within the band of £135,000 to £140,000 for a full-time equivalent.

The Adjudicator chose not to join the Civil Service pension arrangements upon appointment however from 1 October 2023 the Adjudicator chose to opt-in to the partnership pension account. Other pension commitments are met by the home departments of the secondees to the GCA.



## Remuneration (salary, benefits in kind and pensions)

Single total figure of remuneration (audited)										
Officials	Salary (£'000) (in £5k bandings)		Bonus payments (in £5k bandings)		Benefits in kind (to the nearest £100)		Pension benefits (to the nearest £'000)		Total (£'000) (in £5k bandings)	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
<b>Mark White</b>	110–115 (135–140 for a full time equivalent)	105-110 (130–135 for a full time equivalent)	–	–	–	–	9	–	120–125	105-110

### 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.

### Civil Service pensions

The Adjudicator chose not to join Civil Service pension arrangements upon appointment. However, halfway through this reporting period, on 1 October 2023, the Adjudicator chose to join to the partnership pension scheme.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make

contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The total employer contributions paid to the partnership pension provider in 2023/24 was £9,000 (2022/23: £nil).

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### 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 2023/24 was £135,000 to £140,000 (2022/23: £130,000 to £135,000). This was 2.4 times the median remuneration of the workforce, which was between £55,000 to £60,000 (2022/23: £45,000 to £50,000).

In 2023/24, no employees received remuneration in excess of the highest paid director (2022/23: nil).

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.

### GCA fair pay disclosure for the period ending 31 March 2024 (audited)

#### Banded remuneration of the Adjudicator and the GCA team

	2023/24 (£'000) (bands of £5k)	2022/23 (£'000) (bands of £5k)	Percentage change (2023/24 vs. 2022/23)
<b>Band of highest paid director's remuneration (composed of salary, allowances, performance pay and bonuses payable)</b>	<b>135–140</b>	<b>130–135</b>	<b>4%</b>
Band of highest paid director's salary & allowances	135–140	130–135	4%
Band of highest paid director's performance pay and bonuses payable	0–5	0–5	0%
<b>Band of average GCA team remuneration (composed of salary, allowances, performance pay and bonuses payable)</b>	<b>50–55</b>	<b>45–50</b>	<b>11%</b>
Band of average GCA team remuneration (salary & allowances)	50–55	45–50	11%
Band of average GCA team (performance pay and bonuses payable only)	0–5	0–5	0%
<b>Pay ratios</b>			
	Banded remuneration (£'000) (bands of £5k)	2023/24 pay ratio	2022/23 pay ratio
<b>Median pay ratio (total remuneration composed of salary, allowances, performance pay and bonuses payable)</b>	<b>55–60</b>	<b>2.4</b>	<b>2.8</b>
Median pay ratio (remuneration composed of salary and allowances only)	55–60	2.3	2.8

The decrease in the median remuneration ratio in 2023/24 (compared to 2022/23) is due to senior positions within the GCA team (that were previously vacant) being filled and junior positions within the GCA team remaining vacant. No remuneration

range, 25th or 75th percentile pay ratios have 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 is employed for four days each week and is a senior civil servant equivalent. Staff supporting the Adjudicator are seconded from public bodies.

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 2024 and 31 March 2023 are summarised in the table below.

GCA staff numbers and composition as at 31 March 2024 and 2023 (audited)				
Full time equivalents				
	Female	Male	31 March 2024	Total 31 March 2023
<b>The Adjudicator</b>	0	0.8	0.8	0.8
<b>GCA Staff</b>	3.2	3	6.2	7

#### Notes

- For comparison, the female:male composition of the GCA committees as at 31 March 2024 is 0:3 (Governance Board), 1:2 (Audit and Risk Committee) and 0:3 (Executive Committee).

During the reporting period one member of staff left the GCA team and one new member was recruited. 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 below.

GCA staff costs 2023/24 and 2022/23 (audited)		
	2023/24	2022/23
<b>Salaries, performance related pay and allowances</b>	£466,832	£417,959
<b>Social security costs</b>	£53,991	£50,072
<b>Pension</b>	£97,185	£90,433
<b>Temporary/agency costs</b>	–	£4,404
<b>Total</b>	£618,008	£562,868

#### Notes

- The Adjudicator is a ministerial appointment, paid by the DBT payroll, which is recharged to the GCA.
- There have been no severance or 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 a total of 5 days of sickness absence during the reporting period (2022/23: 3.5 days).

## 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 2023/24 (2022/23: Nil). 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 not engaged any contractors during the reporting period.

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 2024, earning £245 per day or greater**

No. of existing engagements as at 31 March 2024	<b>0</b>
---	----------

The GCA did not engage any off-payroll workers/contractors during the reporting period.

**Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater**

No. of existing engagements as at 31 March 2024	<b>0</b>
---	----------

The GCA did not engage any off-payroll workers/contractors during the reporting period.

**Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024**

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	<b>0</b>
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. This figure should include both on payroll and off-payroll engagements.	<b>2</b>

\*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

Any exit packages would be the responsibility of the public bodies seconding staff to the GCA or for DBT.

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 the regularity of expenditure, including 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 (see page 25).

## Wider government and Parliamentary input

The GCA is committed to meeting its wider duties as a public body and engaging with Parliament and devolved governments. In this reporting period, the GCA has fulfilled these duties in the 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 online when it is needed, and
  - Any action taking is proportionate.

## Better Regulation Framework (BRF)

The GCA is aware of the reforms to the BRF from 1 September 2023, and the consequential changes to the Business Impact Target reporting requirements.

## Parliamentary and Ministerial engagement

The Adjudicator met Kevin Hollinrake MP Minister for Enterprise, Markets and Small Business at the Department for Business and Trade on 26 September 2023 and 12 March 2024.



**Mark White**  
Groceries Code Adjudicator and  
Accounting Officer

24 July 2024

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Groceries Code Adjudicator for the year ended 31 March 2024 under the Groceries Code Adjudicator Act 2013.

The financial statements comprise the Groceries Code Adjudicator

- Statement of Financial Position as at 31 March 2024;
- 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 2024 and its net operating 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 and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 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 requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is 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 and my auditor's certificate and report thereon. 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.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## 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 Report 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 Reports.

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

- 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
- I have not received all of the information and explanations I require for my audit; 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements

such as records, documentation and other matters;

- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Groceries Code Adjudicator from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Groceries Code Adjudicator Act 2013;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Groceries Code Adjudicator Act 2013; 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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Groceries Code Adjudicator's accounting policies.
- inquired of management and those charged with governance, including obtaining and reviewing supporting

documentation relating to the Groceries Code Adjudicator's policies and procedures on:

- identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of 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.
- inquired of management and those charged with governance whether:
    - they were aware of any instances of non-compliance with laws and regulations;
    - they had knowledge of any actual, suspected, or alleged fraud;
  - discussed with 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Groceries Code Adjudicator's framework of authority and other legal and regulatory frameworks in which the Groceries Code

Adjudicator operates. I focused 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 Act 2013. The key laws and regulations I considered in this context included Groceries Code Adjudicator Act 2013, Managing Public Money and employment law.

### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on 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 communicated relevant identified laws and regulations and potential risks of fraud 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

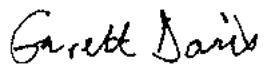
### **Other auditor's responsibilities**

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

## Report

I have no observations to make on these financial statements.



**Gareth Davies**                      **Date 25 July 2024**  
**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 2024

	Note	Year ended 31-Mar-24 £	Year ended 31-Mar-23 £
<b>Expenditure</b>			
Staff costs	2	618,008	562,868
Other expenditure	3	321,967	324,492
		<u>939,975</u>	<u>887,360</u>
<b>Finance costs</b>			
Interest expense	4	9	196
		<u>9</u>	<u>196</u>
<b>Income</b>			
Other income	5	(906,445)	(851,078)
<b>Finance income</b>			
Interest income	6	(33)	–
		<u>(33)</u>	<u>–</u>
<b>Net operating expense</b>		<u>33,506</u>	<u>36,478</u>
<b>Total Comprehensive expense for the year ended 31 March</b>		<u>33,506</u>	<u>36,478</u>

The notes on pages 65 to 81 form part of these financial statements.

# Statement of financial position as at 31 March 2024

	Note	As at 31-Mar-24 £	As at 31-Mar-23 £
<b>Non-current assets</b>			
Property, plant and equipment	7	25,699	47,038
Right-of-use assets	8	–	12,167
<b>Total non-current assets</b>		<u>25,699</u>	<u>59,205</u>
<b>Current assets</b>			
Other receivables	10	22,697	62,394
Cash	11	1,276,155	1,299,673
<b>Total current assets</b>		<u>1,298,852</u>	<u>1,362,067</u>
<b>Total assets</b>		<u>1,324,551</u>	<u>1,421,272</u>
<b>Current liabilities</b>			
Lease liabilities	8	–	4,092
Contract liability	12	1,099,299	1,191,547
Other payables	12	199,553	166,428
<b>Total current liabilities</b>		<u>1,298,852</u>	<u>1,362,067</u>
<b>Net current assets</b>		<u>–</u>	<u>–</u>
<b>Net assets</b>		<u>25,699</u>	<u>59,205</u>
<b>Taxpayers' equity</b>			
Income and expenditure reserve		<u>25,699</u>	<u>59,205</u>
<b>Total equity</b>		<u>25,699</u>	<u>59,205</u>

The notes on pages 65 to 81 form part of these financial statements.



**Mark White**  
Groceries Code Adjudicator and Accounting Officer

24 July 2024

# Statement of cash flows for the year ended 31 March 2024

	Note	Year ended 31-Mar-24 £	Year ended 31-Mar-23 £
<b>Cash flows from operating activities</b>			
Net operating expense		(33,506)	(36,478)
Depreciation	7,8	33,506	85,673
Interest on lease liabilities	4,6	(24)	196
Decrease/(increase) in receivables	10	39,697	(37,053)
Decrease in payables	12	(59,123)	(107,420)
<b>Net cash outflow from operating activities</b>		<u>(19,450)</u>	<u>(95,082)</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets	7	–	(4,730)
<b>Net cash used in investing activities</b>		<u>–</u>	<u>(4,730)</u>
<b>Financing activities</b>			
Capital element of payments in respect of leases	7	(4,068)	(47,342)
<b>Net cash used in financing activities</b>		<u>(4,068)</u>	<u>(47,342)</u>
<b>Net decrease in cash and cash equivalents in the period</b>	11	<u>(23,518)</u>	<u>(147,154)</u>
<b>Cash at the beginning of the period</b>		<u>1,299,673</u>	<u>1,446,827</u>
<b>Cash at the end of the period</b>		<u>1,276,155</u>	<u>1,299,673</u>

The notes on pages 65 to 81 form part of these financial statements.

# Statement of changes in Taxpayers' Equity

	<b>I &amp; E Reserve £</b>	<b>Total Reserves £</b>
<b>Balance as at 31 March 2022</b>	95,683	95,683
<b>Changes in Taxpayers' Equity comprehensive expense for the year</b>		
Comprehensive expense for the year	(36,478)	(36,478)
<b>Balance as at 31 March 2023</b>	<u>59,205</u>	<u>59,205</u>
<b>Changes in Taxpayers' Equity comprehensive expense for the year</b>		
Comprehensive expense for the year	<u>(33,506)</u>	<u>(33,506)</u>
<b>Balance as at 31 March 2024</b>	<u>25,699</u>	<u>25,699</u>

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



# Notes to the financial statements

## 1. Accounting policies

These financial statements have been prepared in accordance with the 2023/24 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 and Trade (DBT).

There were no new standards issued up to 31 March 2024 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 on an accruals basis 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 £.

### Prior year adoption of IFRS 16 Leases

During the prior year, the GCA adopted IFRS 16 'Leases' (IFRS 16) for the first time. IFRS 16 replaces IAS 17 'Leases'. The GCA adopted IFRS 16 Leases as applied by the FReM effective from 1 April 2022. IFRS 16 requires the recognition of a right-of-use asset and a lease liability for all leases in scope of IFRS 16. 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 exists at the transition date of 1 April 2022. The property lease is the only lease disclosed in the leases note (Note 7) as at 31 March 2023 and 31 March 2024.

The FReM states that the following aspects of IFRS 16 must be utilised:

- On initial application an entity should 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, 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 at the date of initial application.
- No adjustments for leases for which the underlying asset is of low value that will be accounted for.
- 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 Public Expenditure System (PES) papers as their incremental borrowing rate in most cases.

The GCA has a single lease, a property lease, which had an option to terminate that could have been activated by the lessor or lessee with 3 months' notice in August 2022. As a result, on transition at 1 April 2022, the GCA had a single lease that met 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 impact on the financial statements on transition.

### Initial and subsequent measurement of the right-of-use asset

A right-of-use asset is recognised on or before the commencement date of the lease, which is when the leased asset is available for use by the GCA.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Leasehold property – on a straight-line basis over the enforceable lease term.

### Leases – the GCA as a lessee

On commencement of a contract (or part of a contract) which gives the GCA the right to

use an asset for a period of time in exchange for consideration, the GCA recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

### Short-term leases

Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, or from the point where a lease ceases to be enforceable, lease payments are recognised as an expense on a straight-line basis over the lease term.

The GCA is satisfied that from 31 July 2023 the lease is no longer enforceable as from that point the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty. So from 1 August 2023 the lease is accounted for as a short term lease.

### Leases of low-value assets

Leases where the underlying asset is 'low-value', lease payments are recognised as an expense on a straight-line basis over the lease term.

### Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the Treasury specified leases interest rate in force in the year the lease liability is recognised. This was 0.95% for leases initially recognised during 2022/23.

The lease term is the non-cancellable period of the lease plus extension periods that the GCA is reasonably certain to exercise and termination periods that the GCA is reasonably certain not to exercise.

Termination penalties are included in the lease payments if the lease term

has been adjusted because the GCA reasonably expects to exercise an option to terminate the lease.

The exercise price of an option to purchase the leased asset is included in the lease liability when the GCA is reasonably certain to exercise that option.

### Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss.

### Re-measurement of the lease liability

The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, the GCA's assessment of its option to purchase the leased asset, the amount expected to be payable under a residual value guarantee and/or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, when any further adjustment is recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or the lessee's assessment of its option to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee's incremental borrowing rate at the date of reassessment.

Changes to the amounts expected to be payable under a residual value guarantee and changes to lease payments due to a

change in an index or rate are recognised when the change takes effect, and are discounted at the original discount rate unless the change is due to a change in floating interest rates, when the discount rate is revised to reflect the changes in interest rate.

### Lease modifications

A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate used is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee company's incremental borrowing rate at the date of the modification.

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss.

For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

### Going concern

The GCA will receive levy income for 2024/25 to fund its activities. Consent to the proposed GCA levy for 2024/25 was received from the Secretary of State for DBT on 24 May 2024, 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 date the accounts were authorised for issue. 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 2023/24 to fund its activities. Approval for the levy for the year 2023/24 was received on 8 June 2023. The levy is invoiced once audited accounts for the prior year have been 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 2024 these were: Aldi, Amazon, Asda, B&M, Co-op, Iceland, Lidl, Morrisons, M&S, Ocado, Sainsbury's, Tesco, Home Bargains and Waitrose. 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 a 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 2023/24.

### 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 two cost recoverable arbitrations in 2023/24, none of which were ongoing at the end of the financial year.

### Property, plant and equipment

As permitted by the FReM, property, plant and equipment are accounted for on a depreciated historical cost basis as a proxy for fair value. Non-property assets have a short useful life or are of relatively low value.

Depreciation is recognised to reflect the consumption of the economic benefit of the

assets, less their residual values, over their useful lives on the following bases:

Expenditure on leasehold property – straight-line over the enforceable period of the lease term.

Computer equipment – 5 years straight-line basis.

Fixtures and fittings – 15 years straight-line basis.

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.

### Impairment of tangible assets

At each reporting period end date, the GCA reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the GCA estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

### 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.

### Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using

reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the GCA's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year end which have a detrimental impact on cash flows.

The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

## 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 non-current 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.

### 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.

### 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:

### Critical judgements – Lease term

The GCA's only lease within the scope of IFRS 16 is the property lease for its offices at The Cabot. As part of the adoption of IFRS 16 on 1 April 2022 the GCA needed to assess the lease term.

The lease's maximum potential term is from August 2019 to February 2033, but the lease also contains break clauses which can be exercised by the GCA or their landlord at the following dates:

- 12 August 2022, subject to giving at least three months' notice;
- at any time after 31 July 2023, subject to giving at least three months' notice; or
- at any time if the GCA ceases to be a Crown Body.

IFRS 16:B34 says:

“In determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall apply the definition of a contract and determine the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.”

The GCA is satisfied that the lessee and the lessor each have the right to terminate the lease without permission from the other party, and that there are no direct contractual penalties of early termination. In line with the guidance related to IFRS 16, the GCA also considered the wider context of the contract and whether it creates an economic incentive not to exercise its option to terminate the lease.

The GCA has a carrying value of £Nil (2023: £16,224) related to capital expenditure on leasehold property, a large proportion of which are non-removable and would be lost if the GCA were to move to a different location. This expenditure primarily relates to the fit-out of the office completed at the commencement of the lease. In particular, the GCA has reviewed whether a write-off of these assets would serve as a significant penalty. The GCA has concluded that these do not represent a significant penalty on the following basis:

- The GCA’s primary function is set out in the Performance report (see pages 15 – 18) and the GCA’s primary goal will always be to serve that primary function. Therefore, the fundamental driver for any future change in office will always be to service that primary function more effectively.
- As a Government organisation, the GCA could be disbanded or its function substantially altered. The flexibility

in the lease agreement is designed to allow the GCA to maximise the effective use of its funds by terminating the lease in the event such a change means that alternative offices would be more effective. For example, the list of designated retailers (which is determined by the CMA) may change, meaning that the size of the GCA’s staff and the size of the primary office for those staff will need to change with it.

- Rental prices in the local area of The Cabot are at a similar level to those the GCA currently pays for. The Cabot and a number of the available properties are rented on a fully-serviced basis meaning that expenditure of a similar nature is not likely to be required to the same extent.

On the basis that the GCA has concluded there is no more than an insignificant penalty, the lease is not considered enforceable at the points where a mutual termination option exists.

The impact of this conclusion is that:

- The mutual termination option in August 2022 was within 12 months of the transition to IFRS 16 at 1 April 2022. IFRS 16, as applied by the FReM, requires that any leases with a lease term of less than 12 months from the date of transition are accounted for as short-term leases and lease payments are expensed on a straight-line basis of the lease term. Therefore, there was no impact of the transition to IFRS 16.
- In May 2022, when the deadline for serving notice expired and no such notice was given or received, the GCA reassessed the lease term to end at the next available mutual break clause in July 2023 – 14 months from the date of reassessment. As the lease no longer qualified as a short-term lease, a right-of-use asset and lease liability

were recognised at that time. Further disclosures in respect of the right-of-use asset and lease liability are given in the accounting policies and Note 7.

- After 31 July 2023 the lease is cancellable on giving three months' notice. On that basis, the lease term will be assessed as three months at any given time. IFRS 16 as applied by the FReM requires that all leases with a term under 12 months are expensed on a straight-line basis over the lease term.

At the date of signing these financial statements, no notice terminating the GCA lease at The Cabot has been given or received. The GCA does not have any plans to terminate the lease, but as set out above, the situation is highly uncertain and may change at any time.

### **Critical estimates – useful economic life of capital expenditure on leasehold property**

Whilst management have exercised their judgement in making estimates which impact the values presented in these financial statements, there are no major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. However, during the period, the application of the depreciation policy to owned property, plant and equipment contained in The Cabot, and the capital expenditure on leasehold property, is key to understanding certain information presented in these financial statements and is discussed further below.

As noted above, the capital expenditure on leasehold property is primarily related to the fit-out of the GCA leased office at The Cabot and the accounting policy is to depreciate the assets over the lease term.

Historically, the GCA has depreciated the fit-out costs over the period to the end of the lease in February 2033; however, following the increased application of guidance related to IFRS 16 concerning determination of a lease term, the GCA has concluded that it is appropriate to match the expected useful economic life of the non-removable capital expenditure on leasehold property to the lease term determined by IFRS 16 and as set out above. As a result, these costs have been depreciated over the period to 31 July 2023.

As part of the GCA's analysis of the fixed assets, it was identified that within fit-out costs there are removable assets which the GCA would not dispose, should the GCA chose to terminate the lease at any point after 31 July 2023 with 3 months' notice. As such, these assets have been split out and transferred to separate categories, being fixtures and fittings and computer equipment with useful economic lives of fifteen and five years respectively.

At 31 March 2024, the non-removable capital expenditure on leasehold property have a carrying value of £Nil (2023: £16,224) and have incurred depreciation of £16,224 (2023: £48,672) in the year.



## 2. Staff numbers and related costs

The cost of staff remuneration was:

	Year ended 31-Mar-24 £	Year ended 31-Mar-24 £	Year ended 31-Mar-24 £	Year ended 31-Mar-23 £
	<i>Permanent Staff</i>	<i>Other Staff</i>	<i>Total</i>	<i>Total</i>
Wages and salaries	111,915	354,917	466,832	422,363
Social security costs	14,189	39,802	53,991	50,072
Pension costs	8,978	88,207	97,185	90,433
<b>Total</b>	<b>135,082</b>	<b>482,926</b>	<b>618,008</b>	<b>562,868</b>

- (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 (£482,926) and for agency staff (£Nil). See Note 15.

### 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 contracts and temporary staff, was:

	<b>2023/24</b>	<b>2022/23</b>
	FTE	FTE
Permanent staff	0.8	0.8
Other staff	6.5	7.1
	<b>7.3</b>	<b>7.9</b>

- (i) The total number of staff reported elsewhere in this annual report is based on head count, whereas the above figures are average FTEs for the year.

More detailed information relating to the cost of staff is provided in the Remuneration and Staff report on page 50.

### 3. Other expenditure

	Year ended 31-Mar-24 £	Year ended 31-Mar-23 £
Accountancy fees	26,910	15,462
Arbitration	4,527	29,050
Audit fee	26,000	15,000
Conferences & events	12,021	10,244
Corporates Services from BEIS	16,317	16,356
Professional fees	7,200	–
Legal costs	9,534	9,157
Licences	10,758	10,507
Marketing and promotion materials	9,996	9,667
Office equipment (IT and other consumables)	1,096	3,123
Bank charges	561	562
Photocopying, printing and postage	544	577
Press cuttings	300	312
Rentals for short-term leases	34,463	1,902
Running costs – Cabot Square	51,945	44,938
Staff training	5,828	8,516
Subscriptions	5,131	3,474
Survey & consultancy	61,400	53,700
Travel, subsistence and hospitality	3,930	6,272
Non-cash items:		
Depreciation	33,506	85,673
Total other operating charges	321,967	324,492

## 4. Finance costs

	Year ended 31-Mar-24 £	Year ended 31-Mar-23 £
Interest expense on lease liabilities	9	196
	<u>9</u>	<u>196</u>

## 5. Income

	Year ended 31-Mar-24 £	Year ended 31-Mar-23 £
Levy raised	2,000,000	2,000,000
Contract liability (See Note 12)	(1,099,299)	(1,191,547)
	<u>900,701</u>	<u>808,453</u>
Arbitration costs recovery	5,744	42,625
Investigation costs recovery	–	–
Total income	<u>906,445</u>	<u>851,078</u>

## 6. Finance income

	Year ended 31-Mar-24 £	Year ended 31-Mar-23 £
Interest income on lease liabilities	33	–
	<u>33</u>	<u>–</u>

## 7. Property, plant and equipment

	Expenditure on leasehold property £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2023	80,575	8,734	34,221	123,530
Additions	–	–	–	–
At 31 March 2024	<u>80,575</u>	<u>8,734</u>	<u>34,221</u>	<u>123,530</u>
<b>Depreciation</b>				
At 1 April 2023	64,351	3,170	8,971	76,492
Charge for the year	16,224	2,489	2,626	21,339
At 31 March 2024	<u>80,575</u>	<u>5,659</u>	<u>11,597</u>	<u>97,831</u>
<b>Carrying value</b>				
At 31 March 2024	<u>–</u>	<u>3,075</u>	<u>22,624</u>	<u>25,699</u>
At 31 March 2023	<u>16,224</u>	<u>5,564</u>	<u>25,250</u>	<u>47,038</u>
	Expenditure on leasehold property £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 April 2022	118,800	–	–	118,800
Additions	–	4,730	–	4,730
Re-analysis	(38,225)	4,004	34,221	–
At 31 March 2023	<u>80,575</u>	<u>8,734</u>	<u>34,221</u>	<u>123,530</u>
<b>Depreciation</b>				
At 1 April 2022	23,117	–	–	23,117
Charge for the year	48,672	2,391	2,312	53,375
Re-analysis	(7,438)	779	6,659	–
At 31 March 2023	<u>64,351</u>	<u>3,170</u>	<u>8,971</u>	<u>76,492</u>
<b>Carrying value</b>				
At 31 March 2023	<u>16,224</u>	<u>5,564</u>	<u>25,250</u>	<u>47,038</u>
At 31 March 2022	<u>95,683</u>	<u>–</u>	<u>–</u>	<u>95,683</u>

## 8. Leases

### Right-of-use assets

	Leasehold property £	Total £
<b>Cost</b>		
At 1 April 2023	44,465	44,465
Additions – new lease	–	–
Additions – lease modification	–	–
At 31 March 2024	44,465	44,465
<b>Depreciation</b>		
At 1 April 2023	32,298	32,298
Charge for the year	12,167	12,167
At 31 March 2024	44,465	44,465
<b>Carrying value</b>		
At 31 March 2024	–	–
At 31 March 2023	12,167	12,167

### Lease liabilities

	As at 31-Mar-24 £	As at 31-Mar-23 £
Current	–	4,092
Non-current	–	–
	–	4,092

<b>Right-of-use assets</b>	<b>Leasehold property £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 April 2022	–	–
Additions – new lease	44,608	44,608
Additions – lease modification	(143)	(143)
At 31 March 2023	44,465	44,465
<b>Depreciation</b>		
At 1 April 2022	–	–
Charge for the year	32,298	32,298
At 31 March 2023	32,298	32,298
<b>Carrying value</b>		
At 31 March 2023	12,167	12,167
At 31 March 2022	–	–
<b>Lease liabilities</b>	<b>As at 31-Mar-23 £</b>	<b>As at 31-Mar-22 £</b>
Current	4,092	–
Non-current	–	–
	4,092	–

The GCA has a single property lease, with a break clause that could have been activated by the lessor or lessee with 3 months' notice in August 2022. As a result, on transition at 1 April 2022, the GCA had a single lease that met the definition of a short-term lease under IFRS 16. Accordingly, the lease was expensed on a straight-line basis over the lease term and there was, therefore, no impact on the financial statements on transition.

Management reassessed the lease term in May 2022 because the three months' notice had not been given or received. At that time, the next break date was in July 2023. At that time, the lease ceased to qualify as a short-term lease and the GCA recognised a right-of-use asset and lease liability. As there was no intrinsic rate within the lease, the GCA used the incremental borrowing rate of 0.95% as specified in the FReM for leases commencing in the 2022 calendar year. The initial value of the right-of-use asset of £44,608 was made up of the transfer of prepaid rent of £31,757 and the calculated lease liability of £12,851.

In October 2022, the GCA and their landlord agreed to vary the lease agreement. The variation solely related to the timing but not the amount of the lease payments due under the lease. A reduction of £143 was recognised in the lease liability and right-of-use asset in respect of this modification.

The GCA did not give or receive notice to terminate the lease agreement. From 31 July 2023 the lease can be terminated by the GCA or their landlord on giving at least three months' notice. At the signing date the GCA has not given or received notice to terminate the lease agreement and expects that the lease agreement will conclude in February 2033.

## 9. 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.

## 10. Receivables and other assets

### Amounts falling due within one year

	<b>As at 31-Mar-24 £</b>	<b>As at 31-Mar-23 £</b>
Prepayments	22,617	22,180
Accrued income	–	39,048
Trade receivables	–	–
	<hr/> 22,617	<hr/> 61,228

### Amounts falling due after more than one year:

	<b>As at 31-Mar-24 £</b>	<b>As at 31-Mar-23 £</b>
Prepayments	80	1,166
	<hr/> 80	<hr/> 1,166
	<hr/> 22,697	<hr/> 62,394

The GCA has reviewed the treatment of a specific prepayment and has concluded to reflect an element of the amount as amounts falling due within one year and an element as amounts falling due after more than one year. As such, the comparative figure has been presented in this way.

## 11. Cash

	<b>As at 31-Mar-24 £</b>	<b>As at 31-Mar-23 £</b>
Balance at 1 April 2023	1,299,673	1,446,827
Net change in cash balances	(23,518)	(147,154)
Balance at 31 March 2024	<u>1,276,155</u>	<u>1,299,673</u>

The following balances at 31 March 2024 were held at:

Government Banking Service	<u>1,276,155</u>	<u>1,299,673</u>
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The GCA's bank account is an account held with the Government Banking Service.

## 12. Payables and other liabilities

### Amounts falling due within one year

	<b>As at 31-Mar-24 £</b>	<b>As at 31-Mar-23 £</b>
Contract liability (Note 5)	1,099,299	1,191,547
Recoverable in respect of prior year	–	–
	<u>1,099,299</u>	<u>1,191,547</u>
Accruals	199,553	166,428
	<u>1,298,852</u>	<u>1,357,975</u>
Analysis of accruals		
Balances with other central government organisations	160,113	135,248
Balances with bodies external to government	39,440	31,180
	<u>199,553</u>	<u>166,428</u>

Contract liability solely relates to the unspent levy due to be returned to the Retailers in the proportions in which it was contributed.



## 13. Other commitments

The GCA had no capital commitments (2022/23: none) and no other financial commitments (2022/23: none).

## 14. Contingent liabilities & assets

There are no contingent liabilities and assets to report.

## 15. Related party transactions

The GCA is a Corporation Sole sponsored by DBT (formerly BEIS) and funded through a levy on the Retailers. The sponsoring Department is regarded as a related party. During the year, the GCA has had various material transactions with DBT, 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, Ministry of Justice, Department for Energy Security and Net Zero and DBT for the secondment of staff.

None of the GCA members or key managerial staff undertook any material transactions with DBT during the year, except for remuneration paid for their services. Please refer to the remuneration and staff report for the remuneration paid to the Adjudicator.

## 16. Events after the reporting period

There are no post-balance sheet events to report.

In accordance with the requirements of IAS 10 'Events After the Reporting Period', events after the reporting period 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.







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