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BOROUGH MARKET

REPORT & FINANCIAL STATEMENTS

For the year ended 31 March 2021



REPORT & FINANCIAL STATEMENTS

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Borough Market Covid signage,
July 2020

REFERENCE & ADMINISTRATIVE INFORMATION

CHARITY NUMBER

1076940

REGISTERED OFFICE AND OPERATIONAL ADDRESS

8 Southwark Street, London SE1 1TL

COUNTRY OF REGISTRATION

England & Wales

TRUSTEES

Trustees who served during the year and up to the date of this report were as follows:

- Mr A Bunnis (Chair)
- Mrs A Ball (Vice Chair)
- Mr D Lyon (resigned 06/05/2020)
- Mr D Cullen (retired 22/12/2020)
- Dr B Said (retired 23/06/2020)
- Miss C Pritchard
- Mr Shawn Anderson
- Ms Daisy Dunlop
- Ms Erica Sibree (appointed 28/05/2020)
- Mr Shane Holland (appointed 28/05/2020)
- Ms Eva George (appointed 28/01/2021)
- Mr Tim Cochrane (appointed 05/10/2021)
- Mr Danny Homan (appointed 05/10/2021)

BANKERS

National Westminster Bank, 10 Southwark Street, London SE1 1TT

SOLICITORS

Russell-Cooke, 2 Putney Hill, London SW15 6AB

AUDITOR

Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London EC1Y 0TL

REVIEWS

CHAIR'S REVIEW

ADRIAN BUNNIS, CHAIR OF TRUSTEES

The year 2020/21 began a week after the imposition of a national lockdown, as Covid-19 raged around the country. It ended 12 months later as England moved slowly towards the point at which a third lengthy lockdown could finally be eased. It is fair to say that for Borough Market – and for the entire country – there has never been a year quite like it.

As a trust, any existing plans to drive the evolution of our three central strands – Food, Place and Engagement – were thrown into disarray, as we were forced instead to focus our attention on confronting new challenges, which changed almost daily.



Looking back, I am proud of how this entire institution responded. Most importantly, the Market continued to serve its community by providing access to high quality produce, and it did so while keeping people as safe as possible. The pressure this placed on traders, management, staff and trustees was considerable, and their resilience is to be applauded.

I am grateful that we were able to find ways to provide financial and logistical support to traders whose livelihoods were placed at risk by the sudden drop in footfall at the Market and the challenges they faced in production or supply. As a charity, we had a responsibility to do everything we could to sustain our traders, and that meant utilising some of our reserves to support deferred payment of rent as well as the other help. As we recover from the crisis, we will need to turn our attention to gradually building those reserves back up again.

It was particularly unfortunate that the devastation of Covid was twinned at the start of 2021 by the delays, high costs, supply chain issues and staffing problems caused by Brexit, which for many of our traders made what was already a difficult, demanding job infinitely harder. Our traders have always been a hardy bunch, but last year truly tested their resolve.

I am also grateful for the warmth and consideration with which our community responded to the measures we had to take to keep people safe. Restricting entry to the Market, closing down public spaces, removing seating, imposing mask wearing, discouraging lengthy visits, banning the consumption of food and drink on site: these measures ran against the Market's usual instinct to be as open and accessible as possible, but they were absolutely essential in the circumstances. It reflects well on our visitors that they proved so willing to adhere.

Looking back over the year, it is clear that some positives came from what was a very difficult experience. New connections were made with local people who found themselves using this incredible resource for the first time. Al fresco dining, introduced as a pragmatic response to restrictions on indoor dining, completely transformed the Market's evening atmosphere and is certainly here to stay. The scale and sophistication of our online activities – selling food through Borough Market Online and engaging with the world through myriad digital platforms – took a quantum leap forward.

In August 2021, after the period covered by this report, Borough Market's Managing Director Darren Henaghan took the decision to step down from his role. During his five years here, Darren steered the Market through some incredibly difficult times, including the aftermath of 2017 terror attack and the start of the pandemic, and led the implementation of some important innovations, including the opening of the Borough Market Kitchen and the move to seven-day trading. On behalf of the trust, I would like to thank him for his dedication and hard work.

REVIEWS

Since the end of the 2020/21 financial year, we have had the opportunity to look to the future once again. The pandemic, while far from over, is hopefully past its worst. The Market is now open every day. Visitor numbers are creeping back up. We have undertaken a thorough independent review of the Market's governance. A specialist Interim CEO, Jane Swift, has joined us for six to nine months and will focus on working with the trustees to develop a clear, robust strategy for the months and years ahead and implement the most urgent changes that have been identified.

This year's report sets out our response to a crisis. Next year's report will outline our recovery.

CHIEF EXECUTIVE'S REPORT

JANE SWIFT, INTERIM CEO

My appointment as Interim CEO of Borough Market was made several months after the end of the period covered by this annual report, but the job I've been given has been profoundly shaped by the story told in these pages.

Borough Market, like so many institutions, has been buffeted by the events of the past 18 months. A lot has changed in a short period of time, and the old status quo will never return. While this brings its challenges, it has also presented a rare opportunity for the trust to reflect, reset, reaffirm the Market's vision, and create new strategies for making that vision a reality. After steering Borough Market through the pandemic, the board has now turned its attention to recovery. The question it is seeking to address with considerable urgency is what shape that recovery will take.



My role is to steady the ship while the trust recruits the permanent CEO who will oversee the next stage of the Market's evolution. I'm here to help the board assess and implement its governance priorities, with a particular focus on staff welfare and increasing diversity throughout the organisation, including on the board. Working closely with the Market's three directors and the rest of the brilliant team here, I will put in place some of the changes needed to improve the day-to-day experiences of our staff, traders and customers, and lay the foundations for a detailed long-term strategy. In line with the trust's charitable objectives, we will seek to ensure that everything we do here works for the benefit of the community: for our shoppers, our traders, our neighbours, and all the other people whose lives we might affect.

I am proud to have the opportunity to help shape the future of such an important, values-led organisation. My role is to ensure that by the time the Market's next annual report is published, there are plenty of positive changes to report on.

TRUSTEES' ANNUAL REPORT

INTRODUCTION

The trustees present their report and the audited financial statements for the year ended 31 March 2021.

Reference and administrative information set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the charity's trust deed and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

PURPOSES & AIMS

Borough Market is an unincorporated trust (charity registration no. 1076940) governed by several Acts of Parliament, passed between 1754 and 1930, a Charity Commission order dated 2005 and a Charity Commission scheme dated 2007, amended in 2012 and further amended in January 2021. Its charitable objects are:

The provision of a market as a public amenity for the benefit of the public and the relief of the rates for the benefit of the inhabitants of the Parish of St Saviours, Southwark.

Borough Market carries out its charitable objects by seeking to provide an accessible, welcoming and inclusive destination for all our visitors, whether they are local residents purchasing their weekly shop, local workers visiting to buy their lunch, groups of schoolchildren coming to learn about fresh produce, or members of the restaurant trade coming to discover and be inspired by new products. We communicate with our target audience through many channels, whether face to face, in print or online, ensuring that our message reaches a diverse audience in an increasingly online and socially active society.

Everything we do at Borough Market is guided by our core values:

1. Borough Market is more than a place to buy or sell food. It is unique. We are a charitable trust that exists to provide a market for the public benefit. As a source of quality British and international produce, we uphold a reputation as Britain's most renowned food market. The Market is a place where people come to connect, to share food and to awaken their senses.

2. We celebrate the diversity of food; food that is honestly priced and carefully sourced with pride. People come to discover taste, aroma, texture, colour and seasonality. Our traders are innovators. Primary producers – people who grow, rear or create the food they sell – or importers, possessing intimate knowledge of the produce they source. All are dedicated to maintaining the highest standards.

3. Through these traders, the Market has a wealth of artisan skills and specialist expertise. We share knowledge and work together to forge partnerships that inspire people about food, creativity and sustainability.

4. We work with small businesses and social enterprises, providing them with guidance and support. We seek higher values in food production. The Market is a place to find inspiration, to meet people and to learn something new.

5. Throughout its rich history, the Market has adapted to meet the needs of London and will continue to do so, but always staying true to its unique identity.

The trustees and executive team review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The

trustees report the success of each key activity and the benefits the charity has brought to those groups of people it is set up to serve. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The entire year 2020/21 was dominated by managing the impact of the Covid-19 pandemic. Despite the challenges, the Market remained open throughout this difficult period, offering a source of food for local communities. The trustees would like to thank all those involved in seeing the institution through such a difficult period, including the staff team, traders and the public. While there remains a risk of further disruption, there is hope that the worst is behind us.

PUBLIC BENEFIT

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities.

The trustees value Borough Market's position as an important resource for the local community and will continue to nurture relationships with local stakeholders, social enterprises, schools, our neighbours and other charities. This became particularly pertinent as the Covid-19 pandemic took hold in March 2020.

In order to manage a situation that was constantly changing, sometimes on a daily basis, the Market had to adapt very quickly. Five key priorities were agreed at the outset of the Covid-19 pandemic:

- To ensure public safety.
- To protect our reputation as a leading worldwide food institution.
- To manage the customer experience within the Market.
- To plan our financial response and ensure that we are able to provide appropriate support to our trader body.
- To have a fit-for-purpose structure and relationships when the pandemic comes to an end, and business as usual returns.

Central to our public benefit was the trust's commitment to keeping the Market open throughout the pandemic. In the first period of lockdown, when non-essential travel was forbidden and shopping for basic necessities was one of the few acceptable reasons for leaving the home, our function was to provide essential food supplies to local residents and key workers. In other phases, the various travel restrictions and constraints imposed on public gatherings, Borough Market maintained its focus on being an important source of high quality produce for Londoners. Despite an overall drop in visitors, sales of basic ingredients such as meat, fish, bread, fruit and vegetables were strong. The Market, which had been a produce market long before it became a tourist destination, experienced something of a return to its roots.

Enabling the Market to remain a safe place to shop required considerable adaptation. The layout of the stalls was modified to optimise social distancing, and restrictions were placed on the numbers of people in the Market at any one time. Significant additional resource was needed to manage the space, keep it clean, and control the flow of customers. In January 2021, the trustees agreed to amend the Market's by-laws, which date back to 1829, to enforce the wearing of masks in all parts of the estate (becoming the first outdoor venue to do so) and require that food and drink be taken off site to be consumed.

The Market continued to engage with the public on subjects such as sustainability, provenance, seasonality, food quality, personal connection and the pleasures of cooking and eating, but the nature of these interactions was forced to change significantly. Digital platforms became the primary means

for broadcasting the Market's messages. Perhaps even more importantly, given the challenges of isolation caused by lockdown, they were able to provide highly active and warmly welcoming forums in which members of our community could continue to connect with each other from their homes.

Our partnerships with other local charities were disrupted but not halted. Our work with School Food Matters, which connects the Market with local schoolchildren, was able to continue in remote form. Regular collections from Plan Zheroes, which gathers surplus food from the Market and distributes it to vulnerable members of the community, continued throughout the year. During the first peak of the pandemic, the Market also became heavily involved in the Feed **the** Frontline initiative, which provided packages of fresh produce for frontline workers in the NHS.

ACHIEVEMENTS & PERFORMANCE

Borough Market's main activities and the beneficiaries it strives to support are described below. All its charitable activities focus on running the Market and are undertaken to further its charitable purposes, for the public benefit. Objectives are based around three areas: Food, Place and Engagement, together with an overarching focus on Sustainability.

1. FOOD

The trust's main objectives during the year were to keep supplying high quality produce to the local community and provide traders with the support they needed to continue their valuable work. A package of financial and practical support was quickly developed for our traders. Alongside freezing rents and service charges for a year, the trust allocated money to provide direct financial support for those that needed it most, funding everything from replacing broken tractors, to paying fishing boat mooring fees, to keeping a creamery active. This support was targeted to minimise the number of businesses that needed to close. A few businesses did sadly have to cease trading, but we were also able to welcome several new arrivals.

Restrictions on travel and public gatherings caused a major drop in footfall of 90% at its peak. The profile of our visitor base also changed significantly, with the proportion of foreign tourists falling from 18% pre-Covid to 6% in September 2020 and 1% in January 2021. This had a significant impact on the type of food being sold. Some traders, particularly those providing staples such as meat, vegetables and bread, fared relatively well, while others faced more challenging conditions. For instance, sales of cakes and confectionary dropped from 22% of total sales pre-Covid, to just 10% in September 2020.

When the UK entered lockdown on 26th March 2020, there was an immediate surge in demand for online shopping, of which Borough Market Online was a notable beneficiary. For the month of April 2020, the value of orders taken by Good Sixty's Borough Market Online service was 175 times higher than the total just two months previously. Demand for deliveries fluctuated as restrictions were successively eased and tightened, but throughout the year orders far exceeded anything experienced in the pre-pandemic era. This expansion was aided by the platform's delivery range being widened to cover the whole of London and then, with the addition of a postal service, the whole of the UK.

Many of our traders also moved to create or enhance their own online offerings, encouraged and supported by the Market. Some expanded their ranges. Several restaurants and street food traders began selling ingredients, either directly or online; others produced meal deliveries or recipe kits. Some of the produce traders, helped by a relaxing of the rules related to the range (but not the quality) of products that a stall could sell, added essential cooking ingredients to their offerings, with cheesemongers, for example, providing butter and bakers providing flour.

Under the most stringent restrictions, restaurants and street food traders were limited to offering

Al fresco dining at Borough Market, April 2021



takeaway food, which had to be consumed off site. In June 2020, when Covid restrictions were eased to allow small groups to gather outdoors, the Market introduced an al fresco dining offering, with restaurants and street food traders provided with sheltered outdoor space in which food and drink could be served. Every evening, after the produce traders had packed up, the Market was transformed into a well regulated, socially distanced dining venue, which proved hugely popular with visitors and provided much needed revenue for tenants and traders. This was forced to close during subsequent lockdowns but is now set to remain a key part of our offering, even with indoor dining restrictions no longer in place.

As well as dealing with Covid, our traders were also forced to confront the challenges presented by the end of the Brexit transition period. At the end of 2020, with a great deal of uncertainty surrounding the likely outcome of trade negotiations with the EU and a no-deal Brexit posing a significant risk, the trust paid for the creation of extra storage space, including refrigerated storage, within its estate. This was provided free-of-charge to importers, allowing them to stockpile extra produce to protect against the initial impact of no deal. This space will continue to provide utility to traders who, for the sake of efficiency, are currently importing produce in larger consignments than previously.

Other support was also offered. Peer-to-peer Q&A sessions had been held at the Trader Conference in October 2019, at which representatives of some of the Market's larger importers and exporters fielded questions from smaller traders on their Brexit preparations. This was followed in March 2021 by two trader forums, delivered by Borough Market in partnership with the GLA's London Business Hub, which offered highly focused Brexit-related advice from traders and external experts.

2. PLACE

Throughout the year, the Market's estate has been in a state of near-constant adaptation. To ensure public safety, protect our reputation and improve the customer experience within the Market, the layout, entry points and public spaces have had to be carefully managed.

For the very first time, entry to the Market, which had previously been entirely open and unrestricted, was controlled to keep the volume of shoppers at safe levels. At particularly busy times, shoppers might have to queue to enter, or even be asked to return at a later time. Through our 'Come, shop, leave' messaging, visitors were encouraged not to linger within the Market.

The Market's layout was adapted to improve the flow of shoppers through the Market and allow for socially distanced queuing at all the stalls. Communal seating was removed at times when meeting in groups was restricted. With events cancelled and on-site consumption of food often prescribed, the public space of the Market Hall was repurposed as a distribution hub for the booming Borough Market Online delivery service.

The introduction of al fresco dining also had a significant impact on the Market's spaces, with many of the trading halls and peripheral streets now having a dual function: produce market by day, outdoor dining venue in the evening.

Our success in making the Market a safe and well regulated place to work and visit contrasted at times with the logistical and reputational challenges that came from managing the crowds of people who, particularly at the weekends, gathered to socialise around the perimeter of the Market, in spaces not under our control. These gatherings placed considerable demands on our operations team, who did everything in their power to reduce congestion and ward off the threat of sanctions from police and local authorities.

Any plans that we had to develop parts of the estate were paused at the outset of the pandemic as we sought to conserve funds at this unprecedented time. As the year went on we were, however, able to complete the refurbishment of 18-20 Southwark Street.

3. ENGAGEMENT

Throughout the long periods of lockdown, our main priority was to communicate that the Market was still open for essential produce shopping, show that measures were in place to keep people safe, and encourage visitors to behave responsibly while here. The Market's strong messaging, based upon the slogan 'Come, shop, leave', was reinforced through posters, on the website and across social media.

Many of the Market's usual methods for engaging with public – for example, our community events, cooking demonstrations, Market Life magazine and meetings of the Borough Market Cookbook Club – were forced into hiatus for the entire year, so it was vital that other means be found for reaching people, communicating our messages, and facilitating personal interactions.

Over many years, through our longstanding partnership with School Food Matters, hundreds of school groups have attended 'trader training', then either grown their own fruit and veg and sold it at the Market or made soup from surplus produce, with money raised from the sales going towards meals for families in need via The Felix Project. This year, with school visits impossible, we moved the training online, and the sales were conducted in the schools rather than at the Market. Our wish to engage more with children also led to publication of our Market Explorers produce guides, created with the support of two children's cooking authors and TV consultants, which were initially published online, then printed when restrictions eased.

Our Borough Talks discussions drew large audiences to Zoom. Cookbook Club continued its meetings online, much to the delight of its growing body of members who hold such store in the sense of connection it provides and appreciated it even more than ever.

Our digital guides and magazines, produced on a shoestring from existing content, were read over 17,000 times on the Issuu platform. Easter was celebrated online with a series of Instagram broadcasts featuring traders and chefs. Even our big Christmas event was forced to move into the virtual sphere. The Festive Kitchen – three days of interviews, masterclasses and cookery demonstrations, filmed at 1 Cathedral Street – was broadcast over Facebook, drawing more than 30,000 views.

The Market's social media following continued to grow. Wherever possible, these channels were used to offer interaction rather than just broadcasting: a vital distinction at a time when personal connection was becoming increasingly valued.

The Borough Market website was rebuilt to be more sophisticated, interconnected, adaptable and visually striking, with a greater emphasis on the trader community. The new site was launched on 31st March 2021, having been delivered on time and on budget.

Some of our engagement with traders also moved online, with the delivery of a digital trader conference and two online Brexit advice forums.

The Market continued to make its voice heard on subjects such as Covid support, Brexit and sustainability. The Market's executive team were a regular presence on radio and TV and in newspaper columns. Comment and content created by the Market were also shared widely by our PR team and gained considerable traction in local and national media.

The Market's second book, Borough Market: Edible Histories, written by Market Life editor Mark Riddaway, was published by Hodder & Stoughton in November 2020. Despite lockdown restrictions having an impact on avenues for retail and publicity, sales were good and the critical response was excellent, with the book featuring in the 'best of 2020' in the national media and shortlisted in the Fortnum & Mason Food and Drink Awards. The publication of the book, and the attendant publicity, also caused an uptick in sales of the Borough Market Cookbook.

Chef Jeremy Pang joins a Plan Zheroes collection at Borough Market, March 2021



4. SUSTAINABILITY

Previous years have seen the unveiling of a raft of initiatives designed to make the Market's operations more sustainable. The pandemic meant that 2020/21 was a year of consolidation rather than progress.

Since 2014, volunteers from the Plan Zheroes organisation have been coming to Borough Market, initially every Saturday and more recently twice a week, to collect surplus food from our traders. This food, no longer perfect but still good to eat, is given to more than 20 charities to help feed vulnerable people across London. Despite the challenges of Covid, the Plan Zheroes partnership continued to operate throughout most of the year, sometimes on a more limited scale.

None of the waste disposed of in the Market went to landfill; cardboard, paper, plastic, glass and wood were all recycled and food waste was sent to an anaerobic digestion plant. The ban on the sale of single-use plastic bottles remained, as did the widespread use of biodegradable carrier bags, made from GM-free cornstarch.

FINANCIAL REVIEW

The year has been dominated by the Covid-19 pandemic and, as expected, there has been a significant impact on our finances. To mitigate this, swift action was taken in March 2020, as the pandemic emerged, to significantly reduce our cash expenditure in anticipation of lower rental incomes. We also developed a package of support for our tenants and traders to help them manage the impact of the lock downs and other pandemic related restrictions imposed at various points over the year.

The result for the year is a net expenditure (before gains and losses on investments) of £314k compared with a net income of £97k in the previous year.

Borough Market receives no public funding and we do not currently carry out any fundraising activities on our own behalf. All core income is derived from our estate via pitch fees and rents levied on our market stands and investment properties. Total income in the current year has decreased by 18% to £5.8m (2020: £7.1m), mainly as a result of lower market income with fewer traders operating during the pandemic. The proportion of income from our investment properties has risen to 53% (2020: 50%) as a result of the lower market income of 42% and reduced other income of 5% which is a result of the cessation of most of our commercial activities due to the pandemic.

The overall cost of running the Market has decreased by 12% to £6.1m (2020: £7.0m) after expenditure was cut across most areas of operation. Staff costs reduced by 27% to £1.5m (2020: £2.1m) following a restructure in March 2020 and there were also spend reductions in many of our day-to-day activities such as cleaning, maintenance, PR and communications and office costs. Security costs rose in order to safely manage the number of people in the Market and ensure social distancing was maintained. The provision for bad debts also increased significantly by £638k (2020: increase of £141k) following a thorough review. The pandemic has created financial pressure for the majority of our tenants and traders and we have provided some relief by allowing rental payments to be deferred and to be paid in ongoing instalments. As a result, our trade debtors (after allowing for a bad debt provision of £785k (2020: £177k)) have increased by 74% to £2.4m (2020: £1.4m).

Investment property costs increased by £280k to £973k in the year ended 31 March 2021 from £692k in the previous year as a result of the increase in the bad debt provision of £469k. Other investment property costs decreased as part of the cost-saving exercise to mitigate the impact of the pandemic. We have completed a refresh of both our investment property and operational property valuations. Despite the pandemic, we have had strong levels of interest in those properties which have become vacant during the year and as a result, our investment property values have remained largely unchanged with a

small overall increase. As at 31 March 2021 the revaluation has resulted in an increase of £0.1m (2020: decrease of £2.9m) on our investment properties and a decrease of £0.5m (2020: decrease of £3.9m) on our operational properties. As the effects of the pandemic continue, with home working and fewer tourists, we continue to have lower occupancy for pitch fees in the Market.

The results for Borough Market Business Limited, the trading subsidiary of Borough Market are consolidated in these results. As a result of the pandemic, most commercial activities were ceased, so trading income was lower at £110k (2020: £420k), as was the reported profit of £23k (2020: £112k). The future of commercial activities will be reviewed in 2022 as we review our overall strategy.

The trust arranged a new loan under the government's Coronavirus Business Interruption Loan Scheme (CBILs) of £2m, which was drawn down in April 2020. The facility provided some vital financial resource in order to manage any further pandemic restrictions. To date, the loan has not been utilised. There are no costs associated with this loan for the first year. The trust also has an agreed overdraft of £1m.

Note 20 details Borough Market's obligations under a multi-employer, defined benefit pension scheme. This old Scottish Voluntary Sector Pension Scheme (SVSPS) currently has 98 employers funding a deficit of £7m (Sept 2020 valuation). Current annual deficit payments for Borough Market amount to £33k. The impact on the balance sheet is a creditor balance of £173k, lower by £16k on last year's position.

PRINCIPAL RISKS AND UNCERTAINTIES

The Covid-19 pandemic remains a significant risk for Borough Market and its tenants and traders, as a further outbreak could result in potential restrictions on movement or trade. The Market has successfully remained open throughout by operating under the key principles set out on page 6. To date, we have managed to adapt well to the various restrictions imposed on us and have worked hard with our tenants and traders to support their businesses through this challenging time. Currently, we hope that the worst is behind us, but the winter period may still prove challenging.

The risk of terrorism arising from our high-profile, high-footfall location remains the most significant risk on our risk register. In November 2019 we were affected by the terror incident on London Bridge, but fortunately were able to reopen the following day, partly because we have well developed emergency response plans in place. Trustees remain satisfied that appropriate systems and procedures are in place to manage the risks we face on a day-to-day basis.

The impact of Brexit continues to be of concern. Additional barriers to importing goods from the EU have had significant time and cost implications for many of our traders, and new immigration rules, exacerbated by many EU nationals returning home, have led to a chronic shortage of staff across the food and beverage sector. We will continue to monitor developments, facilitate the sharing of information and advice, and use our influence to put forward the Market's perspective. We remain committed to celebrating and promoting the diversity of our traders and their produce and will continue to champion the importance of the cultural links and traditions related to food. We will seek out new, multicultural offerings and seasonal businesses to appeal to the ever more diverse local and London community. Alongside this, we will continue with a programme of regular regional events and showcases to highlight British and international produce.

The defined benefit SVSPS pension scheme is one of the trust's larger risks. It is a 'last man standing' scheme, which means that Borough Market could in theory become liable for other organisations' liabilities should they fail in some way.

On an operational level, we work closely with our insurers and specialist consultants to ensure that our properties and public areas are safe and accessible.

The management team reviews the Risk Register on a quarterly basis, identifying potential new risks and reviewing progress on the mitigating actions for existing risks, ensuring that they are relevant and appropriate. The register is then reviewed by the Audit and Risk Committee before being submitted to the board for discussion and approval.

RESERVES POLICY AND GOING CONCERN

The trustees are confident that Borough Market has the ability to operate as a going concern for at least the next 12 months. Although the Covid-19 pandemic significantly reduced the level of cash income generated in 2020/21, actions had been taken to reduce the level of cash spend, and a government-backed business interruption loan for £2m has been secured through NatWest in addition to an overdraft facility of £1m.

Cash flow forecasts have been completed to show that the organisation can manage through a number of challenging scenarios. The charity focuses on its cash reserves rather than its unrestricted current net assets and has a target minimum free cash level of £1.6m. As a result of the pandemic the charity is below this level at the end of March 2021 but has prepared forecasts which show that this level should again be reached in the next two years.

The reserves policy of the charity is reviewed on an annual basis by the trustees. The level of reserves, which is based on a scenario in which all Market income is lost, reflects the cash flow needed to meet essential liabilities and ensure the survival of the Market.

Taking into account our investment properties and other tangible assets, we have a very strong total funds position of £88.9m, of which none are restricted funds. The endowed property at the heart of the Market comprises £34.2m of these funds and the remaining £54.7m comprises our investment property portfolio which, although unrestricted, the trustees have committed to hold, in order to secure the unique and special nature of this area.

PLANS FOR THE FUTURE

The trustees maintain their commitment to providing a world-class food produce market at Borough for the community of London and beyond. Our three main areas of focus remain Food, Place and Engagement, all underpinned by a commitment to sustainability. However, the last year was entirely dominated by managing the impact of the Covid-19 pandemic, to which we applied the five key principles set out on page 6.

Looking forward, our immediate priority is to manage the recovery phase, support the Market and its tenants and traders, and set out detailed plans for the future. The trust will also look to replenish its cash reserves in line with its treasury policy, which could be required to manage through any future event such as the re-emergence of pandemic restrictions.

The pandemic has accelerated changes in society, including how we work, travel and shop. As a result, one of the key tasks we have set ourselves is to create a new strategy, which we aim to complete by the autumn of 2022. This will be a wide-ranging piece of work involving consultation with our key stakeholders and food experts and will set out the direction upon which we will base our future business planning.

The trustees have carried out a full review of governance since the year end to ensure that our structures and processes are of a high standard. All of the recommendations from this report have been organised into a plan to be actioned over the next year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Borough Market (Southwark) is an unincorporated charity, registered as a charity on 6th August 1999 in England and Wales. The charity is constituted by several Acts of Parliament, passed between 1754 and 1930, a Charity Commission order dated 2005 and a Charity Commission scheme dated 2007, amended in January 2012 and January 2021.

Borough Market is run by a board of trustees who are publicly accountable for the long-term viability of the Market and who dictate the Market's overall direction, strategy and policy, whilst ensuring that the principles of good governance and compliance are adhered to. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts.

The day-to-day management of the Market is delegated by the trustees to a senior management team, led by the Interim Chief Executive, Jane Swift. Darren Henaghan made the decision to step down from the role of Managing Director in August 2021. Jane is supported by Kate Howell, Director of Communications & Development, Lucy Charles, Interim Director of Operations and Tony Osborne, Director of Finance and a senior management team comprising our Head of Asset Management, Executive Administrator, Head of Communications and Marketing and In-house Solicitor. The wider team of back-office and front-line staff play a vital role in the running and administration of this vibrant Market.

Trustees are appointed to and chair our various formally-constituted committees, which also involve the appropriate members of the senior management team and the wider staff team, as agendas dictate. Committees are convened on a bi-monthly or quarterly basis and are governed by terms of reference. The following committees are currently established: Finance & Investment; Audit & Risk; Remuneration & Appointments.

TRUSTEE APPOINTMENT, INDUCTION AND TRAINING

During the year, three new trustees – Erica Sibree, Shane Holland and Eva George - were appointed following the successful recruitment process started in the previous year. Then in October 2021, two further new trustees joined the board: Tim Cochrane and Danny Homan.

Trustees are selected for their expertise in relevant fields, including food policy, public health, sustainability, property management, charity finance and law, communications, urban regeneration and stakeholder relations. On appointment, trustees are given a comprehensive induction, which explains their role and responsibilities and details our code of conduct. They spend time with each member of the senior management team, gaining an understanding of their roles and how each department contributes to the development of the Market.

RELATED PARTIES AND RELATIONSHIPS WITH OTHER ORGANISATIONS

Our trading company, Borough Market Business Ltd (company registration number 08157060) provides us with a vehicle through which we can accommodate the demand for third party commercial activities within our estate, realising the unique potential of our historic properties as location and event spaces. Trustees have granted a licence to our trading company to use the Borough Market brand for carefully-considered commercial associations which support the charity's core values, ensuring that Borough Market maintains its integrity as a charitable trust. The share in the trading company is held by the

trustees of Borough Market as an incorporated body and four Borough Market trustees are Directors of the company, along with the Director of Finance. All profits from the trading company are paid across to the charity and results for the company are consolidated here with those of the charity.

As a result of the pandemic, the activities of the trading company were put on hold in March 2020, the retail shop has been closed during periods of pandemic lockdown and no events or other group activities have been held. The retail shop was gradually reopened as restrictions were lifted. Any future plans to restart or increase the levels of activity will be very much dependent on how the country recovers from the pandemic.

REMUNERATION POLICY FOR KEY MANAGEMENT PERSONNEL

The Remuneration & Appointments Committee is responsible for agreeing senior management and staff salary and remuneration levels. Salaries are ordinarily benchmarked against other charities and public sector organisations, and annual reviews are proposed to the Committee based on movements in RPI and the level of public sector pay settlements. Increases, where agreed, are awarded to all staff similarly and may be a fixed amount or a percentage of salary.

Borough Market is a London Living Wage employer.

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

Sayer Vincent LLP has expressed its willingness to continue in the capacity as auditors.

SIGNATURE

The trustees' annual report has been approved by the trustees on 25 November 2021 and signed on their behalf by

Adrian Bunnis
Chair of Trustees



INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the financial statements of Borough Market ('the parent charity') for the year ended 31 March 2021, which comprise the consolidated statement of financial activities, the group and parent charity balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group and parent charity's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been prepared in accordance with the requirements of the Charities Act 2011.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we

INDEPENDENT AUDITOR'S REPORT

do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- The information given in the trustees' annual report is inconsistent in any material respect with the financial statements.
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent charity'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 trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

CAPABILITY OF THE AUDIT IN DETECTING IRREGULARITIES

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance.
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud.
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

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

This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the parent charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the parent charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charity and the parent charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

21 December 2021

Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006



FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted £	Endowment £	2021 total £	Unrestricted £	Endowment funds as restated £	2020 total £
Income & endowments from:							
Charitable activities (running the Market)	2	2,462,169	—	2,462,169	3,574,881	—	3,574,881
Investments	3	3,076,961	—	3,076,961	2,972,466	—	2,972,466
Other activities	4	277,512	—	277,512	555,727	—	555,727
Total income & endowments		5,816,642	—	5,816,642	7,103,074	—	7,103,074
Expenditure on:							
Raising funds (investment property costs)	5a	972,574	—	972,574	692,321	—	692,321
Charitable activities (running the Market)	5b	4,717,489	345,087	5,062,576	5,758,138	366,968	6,125,106
Other	5c	95,849	—	95,849	188,497	—	188,497
Total expenditure		5,785,912	345,087	6,130,999	6,638,956	366,968	7,005,924
Net income / (expenditure) before net gains / (losses) on investments		30,730	(345,087)	(314,357)	464,118	(366,968)	97,150
Net gains / (losses) on investment property	13	(18,283)	90,171	71,888	(1,391,634)	(1,472,550)	(2,864,184)
Net income / (expenditure)		12,447	(254,916)	(242,469)	(927,516)	(1,839,518)	(2,767,034)
Transfers between funds	22	—	—	—	(999,185)	999,185	—
Net income / (expenditure) before other recognised gains and losses		12,447	(254,916)	(242,469)	(1,926,701)	(840,333)	(2,767,034)
Gains / (losses) on revaluation of fixed assets		(530,207)	7,103	(523,104)	(1,786,004)	(2,157,050)	(3,943,054)
Actuarial gains / (losses) on defined benefit pension schemes		(8,000)	—	(8,000)	7,000	—	7,000
Net movement in funds		(525,760)	(247,813)	(773,573)	(3,705,705)	(2,997,383)	(6,703,088)
Reconciliation of funds:							
Total funds brought forward as previously stated		55,201,922	35,419,576	90,621,498	48,525,782	34,850,000	83,375,782
Prior year adjustment current year	26	—	(999,185)	(999,185)	—	—	—
Total funds brought forward as restated		55,201,922	34,420,391	89,622,313	58,907,627	37,417,774	96,325,401
Total funds carried forward		54,676,162	34,172,578	88,848,740	55,201,922	34,420,391	89,622,313

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 22a to the financial statements

BALANCE SHEETS

		The group		The charity	
	Note	2021 £	2020 as restated £	2021 £	2020 as restated £
Fixed assets:					
Tangible assets	12	27,301,194	28,392,896	27,301,194	28,392,896
Investment properties	13	60,152,335	60,080,447	60,152,335	60,080,447
Investments	14	—	—	1	1
Total fixed assets		87,453,529	88,473,343	87,453,530	88,473,344
Current assets:					
Stock	16	49,786	80,453	4,203	1,071
Debtors	17	3,413,535	2,436,642	3,478,576	2,633,097
Cash at bank and in hand		2,138,162	3,039,243	2,097,108	2,878,032
Total current assets		5,601,483	5,556,338	5,579,887	5,512,200
Liabilities:					
Creditors: amounts falling due within one year	18	4,033,772	4,218,368	4,012,177	4,174,231
Net current assets / (liabilities)		1,567,711	1,337,970	1,567,710	1,337,969
Total assets less current liabilities		89,021,240	89,811,313	89,021,240	89,811,313
Creditors: amounts falling due after one year	20	172,500	189,000	172,500	189,000
Total net assets / (liabilities)		88,848,740	89,622,313	88,848,740	89,622,313
The funds of the charity:					
Endowment funds	21	34,172,578	34,420,391	34,172,578	34,420,391
Unrestricted income funds (Designated funds)		53,636,765	54,228,865	53,636,765	54,228,865
Unrestricted income funds (General funds)		1,039,397	973,057	1,039,397	973,057
Total unrestricted funds		54,676,162	55,201,922	54,676,162	55,201,922
Total charity funds		88,848,740	89,622,313	88,848,740	89,622,313

Approved by the trustees on 25 November 2021 and signed on their behalf by:

Adrian Bunnis
Chair of Trustees

CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of net income / (expenditure) to net cash flow from operating activities	2021 £	2020 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(242,469)	(2,767,034)
Depreciation charges	575,548	595,855
Movement in pension scheme valuation	(8,000)	7,000
(Gains)/losses on investment properties	(71,888)	2,864,184
Rent from investments	(3,076,961)	(2,972,466)
(Profit)/loss on the disposal of fixed assets	—	4,815
(Increase)/decrease in stocks	30,667	54,817
(Increase)/decrease in debtors	(976,893)	(927,074)
Increase/(decrease) in creditors	(201,096)	896,259
Net cash provided by / (used in) operating activities	(3,971,092)	(2,243,644)
Cash flows from operating activities	2021 £	2020 £
Net cash provided by / (used in) operating activities	(3,971,092)	(2,243,644)
Cash flows from investing activities:		
Rents from investments	3,076,961	2,972,466
Purchase of fixed assets	(6,950)	(1,312,659)
Net cash provided by / (used in) investing activities	3,070,011	1,659,807
Change in cash and cash equivalents in the year	(901,081)	(583,837)
Cash and cash equivalents at the beginning of the year	3,039,243	3,623,080
Cash and cash equivalents at the end of the year	2,138,162	3,039,243

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A) STATUTORY INFORMATION

Borough Market is an unincorporated charity registered with the Charity Commission in England & Wales. The registered office address and principal place of business is 8 Southwark Street, London, SE1 1TL

B) BASIS OF PREPARATION

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP FRS 102 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charity and its wholly-owned subsidiary Borough Market Business Limited on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented as the summary of the result for the year is disclosed in the notes to the accounts.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

C) PUBLIC BENEFIT ENTITY

The charity meets the definition of a public benefit entity under FRS 102.

D) GOING CONCERN

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. Forecasts have been prepared under a number of scenarios which demonstrate an ability to continue to operate both in the current conditions we are experiencing under the pandemic and should there be further lockdowns or restrictions which cause further financial pain.

E) INCOME

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

F) INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

G) FUND ACCOUNTING

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund. Borough Market (Southwark) does not have any such funds for the year being reported.

Unrestricted funds are other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses on the assets form part of the fund.

H) EXPENDITURE AND IRRECOVERABLE VAT

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Expenditure is recognised on an accruals basis.

Expenditure relating to investment property are those elements of expenditure directly and indirectly incurred in administration of such property.

Expenditure relating to running the market includes all expenditure incurred in undertaking the charity's principal activity and is allocated between direct and support costs.

Governance costs include those costs incurred in the governance of the charity's assets and are primarily associated with constitutional and statutory requirements.

I) OPERATING LEASES

Rental charges are charged on a straight line basis over the term of the lease.

J) TANGIBLE FIXED ASSETS

Items of equipment are capitalised where the purchase price exceeds £5,000 and the item has a predicted useful life of more than one year. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Freehold property is revalued every year and the valuation is based on future rent yields.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Freehold land:	Not depreciated	Equipment:	15 years
Freehold buildings:	50 years	Other fixed assets:	5 years

NOTES TO THE FINANCIAL STATEMENTS

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible 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).

K) INVESTMENT PROPERTIES

Investment properties are measured initially at cost and subsequently revalued every year and included in the balance sheet based on future rent yields. Investment properties are not depreciated. Any change on the revaluation is recognised in the statement of financial activities. The valuation method used to determine the values will be stated in the notes to the accounts.

L) INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are at cost.

M) STOCKS

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

N) DEBTORS

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

O) CASH AT BANK AND IN HAND

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

P) CREDITORS AND PROVISIONS

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Q) FINANCIAL INSTRUMENTS

With the exception of the investments and freehold property described above, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

R) EMPLOYEE BENEFITS

Termination benefits are recognised immediately as an expense, when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

S) RETIREMENT BENEFITS

The charity operates a defined contribution pension scheme. Contributions are charged in the accounts

NOTES TO THE FINANCIAL STATEMENTS

as they become payable in accordance with the rules of the scheme.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

2. ACCOUNTING POLICIES

	2021 £	2020 £
Market rents, recharges and car park	2,355,620	3,574,881
Furlough income	106,549	
	2,462,169	3,574,881

3. INCOME FROM INVESTMENTS

	Unrestricted £	2021 £	2020 £
Rental income	3,076,961	3,076,961	2,967,749
Interest receivable	—	—	4,717
	3,076,961	3,076,961	2,972,466

4. OTHER ACTIVITIES

	Unrestricted £	2021 £	2020 £
Special events	—	—	6,549
Fee income	127,462	127,462	3,873
Trademark dispute settlement	40,000	40,000	125,000
Commercial activities	110,050	110,050	420,305
	277,512	277,512	555,727

Income from commercial activities derives from:

- Third-party hire of properties and Market space for events and filming: £2,150 (2020: £208,569)
- Trademark licence fees: £8,478 (2020: £10,522)
- Consultancy fees: £nil (2020: £4,099)
- Merchandise sales: £37,073 (2020: £197,055),
- Fees for the publication of The Borough Market Cookbook: £35,304 (2020: £nil)
- Small business government Covid grant: £27,000 (£2020: £nil)

5A. INVESTMENT PROPERTY COSTS

	2021 £	2020 £
Staff costs	106,710	109,726
Legal and professional	77,823	53,291
Overheads	67	7,535
Bad debts	535,167	66,206
Utilities	93,328	85,364
Repairs and maintenance	108,691	288,513
Security and insurance	41,735	71,402
Cleaning and environmental	9,053	10,284
	972,574	692,321

5B. RUNNING THE MARKET

	2021 £	2020 £
Staff costs	682,959	1,026,456
Depreciation	553,799	565,237
Utilities	370,616	385,969
Property rental	230,236	414,651
Repairs and maintenance	85,317	182,794
Security and insurance	430,690	322,033
Cleaning and environmental	387,389	573,576
Bad debts	78,761	75,381
Other	96,198	124,932
	2,915,965	3,671,029
Share of support costs	2,129,265	2,432,282
Share of governance costs	17,346	21,795
	5,062,576	6,125,106

5C. SUBSIDIARY COSTS

	2021 £	2020 £
Legal and professional	15,884	2,853
Advertising and public relations	31	2,339
Commercial activities	58,067	165,533
Other costs	21,867	17,772
	95,849	188,497

6. SUPPORT COSTS

	Support costs £	Governance costs £	2021 £	2020 £
Staff costs	733,303	—	733,303	962,632
Depreciation	21,749	—	21,749	30,618
Legal and professional	374,620	3,000	377,620	479,933
Security and insurance	28,203	—	28,203	42,782
Utilities and office costs	304,335	—	304,335	279,049
Advertising and public relations	264,247	—	264,247	601,265
Audit fees	—	14,346	14,346	16,900
Accountancy	—	—	—	3,909
Repairs and maintenance	13,321	—	13,321	36,989
Bad debts	24,000	—	24,000	—
Trader support	365,487	—	365,487	—
	2,129,265	17,346	2,146,611	2,454,077

7. TAXATION

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading company, Borough Market Business Limited, pays across available profits to the main charity.

	2021 £	2020 £
UK corporation tax at 19% (2020: 19%)	—	—

8. NET INCOME / (EXPENDITURE) FOR THE YEAR

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation	575,548	595,855
Loss on disposal of fixed assets	—	4,815
Operating lease rentals: Property	177,680	177,680
Operating lease rentals: Other	969	3,008
Auditors' remuneration (excluding VAT)	14,000	12,000

9. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	1,194,558	1,587,971
Redundancy	58,234	120,899
Social security costs	130,989	170,307
Employer's contribution to defined contribution pension schemes	59,015	81,076
Employer's contribution to deficit funding for old defined benefit pension scheme	33,387	32,412
Employer's contribution to private healthcare schemes	14,722	15,617
Staff training /recruitment costs / staff welfare	32,067	90,532
	1,522,972	2,098,814

Nil (2020: £119,314) of the redundancy costs were accrued at the balance sheet date, the remaining amount was paid in the year.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2021 No	2020 No
£60,000 – £69,999	1	3
£80,000 – £89,999	3	1
£90,000 – £99,999	—	1
£120,000 – £129,999	1	2

Borough Market (Southwark) participates in an auto-enrolment, defined contribution pension scheme operated by Aviva (previously Friends Provident). The scheme is open to all employees from their day of joining and as at 31 March 2021 the scheme had 25 active members. Employer contributions in the year amounted to £59,015 (2020: £81,076).

The key management personnel of the charity comprise the 9 Trustees and Senior Management Team: the Managing Director, Finance Director, Director of Communications & Development, Head of Asset Management, Head of Operations & Commercial, Head of Communications & Marketing, In-house Solicitor and the Executive Administrator. The total employee benefits of the key management personnel of the Trust were £575,888 (2020: £728,561).

The trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: £nil). No trustee received payment for professional or other services supplied to the charity (2020: £nil).

Trustees' expenses represents HR advice for trustees £3,000 (2020: £1,430), trustee recruitment costs and trustee meetings.

10. STAFF NUMBERS

The average number of employees (head count based on number of staff employed) during the year was 42 (2020: 43). 22 staff were employed directly in respect of running the market (2020: 29) and 20 were for support functions (2020: 14).

11. RELATED PARTY TRANSACTIONS

Two of the Managing Director's children were employed by the charity during the year and received a total of £17,071. There were no other related party transactions in the year (2020: £nil). There were no donations from related parties in the year (2020: £nil).

12. TANGIBLE FIXED ASSETS FOR GROUP AND CHARITY

	Freehold land & buildings £	Equipment £	Other fixed assets £	Total £
Cost / Valuation				
At the start of the year (as restated)	27,764,109	39,396	1,278,028	29,081,533
Additions in year	—	—	6,950	6,950
Revaluation during the year	(523,104)	—	—	(523,104)
Disposals in year	—	—	—	—
At the end of the year	27,241,005	39,396	1,284,978	28,565,379
Depreciation				
At the start of the year		34,143	654,494	688,637
Charge for the year	388,697	2,627	184,224	575,548
Eliminated on disposal	—	—	—	—
At the end of the year	388,697	36,770	838,718	1,264,185
Net book value at the end of the year	26,852,308	2,626	446,260	27,301,194
At the start of the year as restated	27,764,109	5,253	623,534	28,392,896

Land with a value of £8,055,692 (2020: £8,329,233 restated) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

A full revaluation of all properties was undertaken by our in house Royal Institute of Chartered Surveyors qualified asset manager, in accordance with RICS appraisal and valuation methods, on 31 March 2021. The valuation was based on the best estimates of future rent yields.

The historic cost of the freehold land and buildings is £5,925,546.

13. INVESTMENT PROPERTIES FOR GROUP AND CHARITY

	2021 £	2020 £
Fair value at the start of the year	60,080,447	62,944,631
Revaluation during the year	71,888	(2,864,184)
Fair value at the end of the year	60,152,335	60,080,447

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 March 2021 by our in house Royal Institute of Chartered Surveyors qualified asset manager. The valuation was made with reference the best estimates to future rental values and yields.

14. TRADING COMPANY: 'SUBSIDIARY' UNDERTAKING

The trustees of the charity collectively own the whole of the issued ordinary share capital of Borough Market Business Limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Three of the trustees together with the Managing Director and Finance Director are also directors of the subsidiary. Available profits are gift aided to the charity. A summary of the results of the subsidiary is shown below:

	2021 £	2020 £
Turnover	110,050	420,305
Gross profit	110,050	420,305
Administrative expenses	95,849	188,497
Management charge payable to parent undertaking	—	120,000
	95,849	308,497
Operating profit / (loss)	14,201	111,808
Profit / (loss) on ordinary activities	14,201	111,808
Donation to parent under gift aid	14,201	111,808
Profit / (loss) for the financial year	—	—
Aggregate of the assets, liabilities and funds		
Assets	120,646	246,333
Liabilities	(120,646)	(246,333)
Funds	—	—

15. PARENT CHARITY GROSS INCOME AND RESULTS

	2021 £	2020 £
Gross income	5,720,793	6,232,365
Result for the year	(314,357)	(474,234)

16. STOCK FOR GROUP AND CHARITY

	2021 £	2020 £
Finished goods and goods for resale	49,786	80,453

17. DEBTORS

	The group		The charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	2,438,309	1,401,396	2,433,661	1,396,391
Amounts due from subsidiary undertakings	—	—	69,689	202,196
Other debtors	12,303	25,599	12,303	25,042
Prepayments and accrued income	962,923	1,009,647	962,923	1,009,468
	3,413,535	2,436,642	3,478,576	2,633,097

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The charity	
	2021 £	2020 £	2021 £	2020 £
Trade creditors	867,690	900,063	860,135	880,323
Amounts due from subsidiary undertakings	—	—	28,076	—
Taxation and social security	168,060	166,591	161,451	180,436
Other creditors	1,177,009	1,450,292	1,177,009	1,450,292
Accruals	720,012	631,935	692,416	607,877
Deferred income	1,101,001	1,069,487	1,093,090	1,055,303
	4,033,772	4,218,368	4,012,177	4,174,231

19. DEFERRED INCOME

Deferred income comprises rents and service charges invoiced in advance on the usual English quarter days and all future event bookings.

	The group		The charity	
	2021	2020	2021	2020
	£	£	£	£
Balance at the beginning of the year	1,069,487	997,454	1,055,302	968,782
Amount released to income in the year	(4,305,778)	(4,300,987)	(4,289,896)	(4,122,802)
Amount deferred in the year	4,337,292	4,373,020	4,327,684	4,209,322
Balance at the end of the year	1,101,001	1,069,487	1,093,090	1,055,302

20. CREDITORS FALLING DUE AFTER ONE YEAR FOR GROUP AND CHARITY**RETIREMENT BENEFIT SCHEMES**

Borough Market (Southwark) is one of 98 (2020: 102) employers in the Scottish Voluntary Sector Pension Scheme, a multi-employer, defined benefit pension scheme which closed to future accrual in 2010. The charity is currently funding annual deficit payments of £33,387 (2020: £32,412). The charity currently have seven previous employees who are deferred members.

DEFINED BENEFIT SCHEME

FRS 102 requires an organisation, which is participating in a defined benefit (DB) pension scheme and has an agreed deficit funding arrangement in place, to recognise a liability for this obligation in its accounts. The amount recognised is the 'net present value' of the deficit contributions payable.

Key assumptions:

	2021	2020
	%	%
Discount rate	0.86	2.57

Amounts recognised in the profit and loss account:

	2021	2020
	£	£
Net interest on defined benefit liability/(asset)	4,500	3,000
Remeasurements: impact of any change in assumptions	8,000	3,000
Total costs	12,500	4,000

NOTES TO THE FINANCIAL STATEMENTS

Amounts included in the balance sheet arising from the charity's obligations in respect of defined benefit plans:

	2021 £	2020 £
Present value of defined benefit obligations	172,500	189,000
Deficit in scheme	172,500	189,000

Movements in the present value of defined benefit obligations:

	2021 £	2020 £
Liabilities at 1 April 2019	189,000	221,000
Deficit contributions paid	(29,000)	(28,000)
Interest cost	4,500	3,000
Remeasurements: impact of any change in assumptions	8,000	(7,000)
At 31 March 2021	172,500	189,000

The amount of employer debt on withdrawal for Trustees of Borough Market (Southwark) has been calculated as £927,696 at 30 September 2020 (£1,241,557 at 30 September 2019).

21A. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS (CURRENT YEAR)

	General unrestricted £	Designated £	Endowed £	Total funds £
Tangible fixed assets	448,886	2,541,191	24,311,117	27,301,194
Investment properties	—	50,290,874	9,861,461	60,152,335
Net current assets	763,011	804,700	—	1,567,711
Defined benefit pension asset / (liability)	(172,500)	—	—	(172,500)
Net assets at 31 March 2021	1,039,397	53,636,765	34,172,578	88,848,740

21B. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS (PRIOR YEAR)

	General unrestricted £	Designated £	Endowed as restated £	Total funds £
Tangible fixed assets	628,787	3,115,008	24,649,101	28,392,896
Investment properties	—	50,309,157	9,771,290	60,080,447
Net current assets	533,270	804,700	—	1,337,970
Defined benefit pension asset / (liability)	(189,000)	—	—	(189,000)
Net assets at 31 March 2020	973,057	54,228,865	34,420,391	89,622,313

22A. MOVEMENTS IN FUNDS (CURRENT YEAR)

	At 1 April 2020 As restated £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2021 £
Endowment funds:					
Tangible fixed assets	24,649,101	7,103	(345,087)	—	24,311,117
Investment properties	9,771,290	90,171	—	—	9,861,461
Total endowment funds	34,420,391	97,274	(345,087)	—	34,172,578
Unrestricted funds:					
Designated funds:					
Redevelopment works	804,700	—	—	—	804,700
Tangible fixed assets	3,115,008	(530,207)	(43,610)	—	2,541,191
Investment properties	50,309,157	(18,283)	—	—	50,290,874
Total designated funds	54,228,865	(548,490)	(43,610)	—	53,636,765
General funds	973,057	5,808,642	(5,742,302)	—	1,039,397
Total unrestricted funds	55,201,922	5,260,152	(5,785,912)	—	54,676,162
Total funds including pension fund	89,622,313	5,357,426	(6,130,999)	—	88,848,740

22B. MOVEMENTS IN FUNDS (PRIOR YEAR)

	At 1 April 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2020 £
Endowment funds:					
Tangible fixed assets	26,173,934	(2,157,050)	(366,968)	999,185	24,649,101
Investment properties	11,243,840	(1,472,550)	—	—	9,771,290
Total endowment funds	37,417,774	(3,629,600)	(366,968)	999,185	34,420,391
Unrestricted funds:					
Designated funds:					
Redevelopment works	1,803,885	—	—	(999,185)	804,700
Tangible fixed assets	4,970,600	(1,786,004)	(69,588)	—	3,115,008
Investment properties	51,700,791	(1,391,634)	—	—	50,309,157
Total designated funds	58,475,276	(3,177,638)	(69,588)	(999,185)	54,228,865
General funds	432,351	7,110,074	(6,569,368)	—	973,057
Total unrestricted funds	58,907,627	3,932,436	(6,638,956)	(999,185)	55,201,922
Total funds including pension fund	96,325,401	302,836	(7,005,924)	—	89,622,313

PURPOSES OF ENDOWMENT FUNDS

The endowment funds represent those assets which must be held permanently. It has been agreed with

the Charity Commission that the Trust's permanent endowment funds comprise those properties within the area bounded by Stoney Street, Southwark Street and Bedale Street (including the Triangle and Rochester Walk) which are devoted to the holding of the market.

PURPOSES OF DESIGNATED FUNDS

The redevelopment works fund reflects the sum set aside for the next stages of our capital investment programme, to update and secure our built environment.

The tangible fixed assets fund reflects the investment which the charity has made in creating the infrastructure in the endowed area, within which the Market is held. This is held separately from unrestricted funds to reflect the need to retain these assets in order to further the charity's aims.

The investments fund represents the value of the charity's investment properties and reflects the Trustees' commitment to hold these as income generating assets and to protect the unique and special nature of the estate by controlling the use of these properties.

23. OPERATING LEASE COMMITMENTS

The group and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2021 £	2020 £	2021 £	2020 £
Less than 1 year	177,680	177,680	2,040	2,040
1 – 5 years	—	—	969	3,008
	177,680	177,680	3,009	5,048

The property leases are for between 99-999 years and rentals are fixed for a period of 5 years. Break clauses are at fixed periods with 6 months notice. There are no options in place for either party to extend the lease terms.

24. OVERDRAFT FACILITY

An overdraft facility to the value of £1 million has been agreed with NatWest Plc during the year in order to provide additional cashflow to support our operations through the pandemic.

25. CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CBILS)

A CBILS loan to the value of £2 million has been agreed with NatWest Bank Plc in order to provide additional working capital to support our operations through the pandemic. The loan term is 72 months, with no interest payable (or repayments) in the first year. There are no penalties for early repayment. This loan was agreed and received after the balance sheet date in April 2021.

26. PRIOR YEAR ADJUSTMENT

	Unrestricted £	Endowment 2020 £	Total £
Funds previously reported	55,201,922	35,419,576	35,419,576
Adjustments on restatement:			
Commercial activities	—	(999,185)	(999,185)
Funds restated	55,201,922	34,420,391	89,622,313

For the year ended 31 March 2020			
	Unrestricted £	Endowment 2020 £	Total £
Net movement in funds as previously reported	(3,705,705)	(1,998,198)	(5,703,903)
Adjustments on restatement:			
Movement due to correction of losses on endowment fund properties	—	(999,185)	(999,185)
Net income/ (expenditure) as restated	(3,705,705)	(2,997,383)	(6,703,088)

EXPLANATION FOR ADJUSTMENT

The prior year loss on revaluation of the endowment fund properties have been restated to correct an error in the calculation in the prior year.