

### Operating Statement Notes

The tables below analyse the variances for the Wholesale Markets as reported on the Operating Summary which is attached at Appendix 3. The summary compares the 2013-14 Original Budget (OR) to the 2013-14 Latest Approved Budget (LAB) and has not been prepared in accordance with conventional City of London Corporation format. Brackets on the summary signify an expenditure item or deficit position.

<u>New Spitalfields Market Note number</u>	<u>Description</u>	<u>2013-14 OR to LAB 2013-14 Variance</u>
	<b>Income</b>	
1	Charges for Services	The (£59,000) decrease of -1.4% is due to reductions in Service Charge income.
	<b>Central Costs</b>	
2	Other Central Costs	The (£11,000) decrease of 275% is due to a net increase in funds transferred from the service charge reserve to the service charge.

<u>Billingsgate Market Note number</u>	<u>Description</u>	<u>2013-14 OR to LAB 2013-14 Variance</u>
	<b>Expenditure</b>	
3	Transport Related	The (£14,000) increase in transport costs of -53.8% due to: <ul style="list-style-type: none"> <li>• The hire of a Johnson Sweeper, and the high repair costs for the existing sweeper vehicle.</li> <li>• A new machine will be purchased to replace the uneconomic sweeper.</li> </ul>
4	Supplies and Services	<ul style="list-style-type: none"> <li>• The (£31,000) increase of -26.1% is due to the costs associated with the letting of the Satellite unit.</li> </ul>
	<b>Income</b>	

5	Rental and Loan	<p>The (£98,000) decrease in income of -13% is due to:</p> <ul style="list-style-type: none"> <li>• The Satellite unit not generating rental income of £60,000, equivalent to 3 months rent.</li> <li>• A change in budget for capital repayment for the Porters loan that is repayable to the capital account resulting in a net reduction of £38,000.</li> </ul>
6	Charges for Services	<p>The (£273,000) decrease of -8.7% is due to</p> <ul style="list-style-type: none"> <li>• A reduction in the service charge income because of reductions in expenditure £118,000.</li> <li>• A reduction in car park income of £35,000.</li> <li>• A net reduction of £120,000 as the service charge contribution is reduced.</li> </ul>
<b>Central Costs</b>		
7	Capital and Depreciation	<ul style="list-style-type: none"> <li>• The £212,000 decrease of 55.6%, is due to the City's adoption of the UK GAAP Standards and the subsequent changes in the accounting treatment of capital and depreciation.</li> </ul>
8	Other central costs	<p>The £46,000 decrease of 28.8% is due to a net transfer from the reserve account.</p>

<u>Smithfield Market Note number</u>	<u>Description</u>	<u>2013-14 OR to LAB 2013-14 Variance</u>
	<b>Expenditure</b>	
9	Employment Costs	<ul style="list-style-type: none"> <li>The (£38,000) increase of -2.1% is due to an increase in staff joining the pension scheme.</li> </ul>
10	Supplies and Services	<p>The (£32,000) increase of -7.6% is due to:</p> <ul style="list-style-type: none"> <li>New CCTV recording equipment purchased (£30,000).</li> <li>Small changes over various line items (£2,000).</li> </ul>
	<b>Income</b>	
11	Rent, Wayleaves and Tolls	<p>The (£929,000), a decrease of -35.3% is due to the changes caused by the lease renewals agreed in April 2013. Implementing a separate service charge and rent charge has resulted in a reduction of income collated under the rent income section of the budgets. The rent charge per square foot was paid as an inclusive rent and service charge within this line item and this has now been reduced to include rent only. The service charge element is now reported within the Charges for Services line.</p>
12	Charges for Services	<p>The £1,986,000 increase of 157.2% is due to the:</p> <ul style="list-style-type: none"> <li>Introduction of a separate service charge currently capped for 5 years at £2,012,000</li> <li>Off- set by a reduction in filming income of (£5,000) and reimbursable works of (£21,000).</li> </ul>

13	Capital and Depreciation	The £3,818,000 decrease of 96.9% is due to the adoption of the UK's Generally Accepted Accounting Practices (UK GAAP) by the City of London.
14	Other Central Costs	The £26,000 decrease of 3.7% is due to the decrease in the apportionment of Support costs £26,000.