



This Report will be made public on 10 October 2023



Report Number **C/23/43**

**To:** Cabinet  
**Date:** 18<sup>th</sup> October 2023  
**Status:** Non-Key Decision  
**Director:** Andy Blaszkwicz, Corporate Director – Housing & Operations  
**Oportunitas Chair:** Councillor James Butcher

**SUBJECT: OPORTUNITAS PROGRESS REPORT 2022/23– To 31 March 2023**

**SUMMARY:** This report provides an update from the Board of Oportunitas Ltd (“the company”) on its provisional financial outturn and activities undertaken for the financial year ending 31 March 2023 and is in-line with the requirement contained in the Shareholder’s Agreement between the company and the Council.

**REASON FOR RECOMMENDATIONS:**

Cabinet is asked to agree the recommendations set out below because:-

- a. Oportunitas Ltd (“the company”) is required to provide regular updates to Cabinet as set out in the Shareholder’s Agreement between the company and the Council.

**RECOMMENDATIONS:**

1. To receive and note report C/23/43.
2. To note the provisional financial outturn for Oportunitas Ltd for the period from 1 April 2021 to 31 March 2023.

## 1. BACKGROUND

- 1.1 The report sets out the company's provisional financial outturn position for the year ending 31 March 2023 and also sets out the progress made over this period regarding its property portfolio and trading activity.
- 1.2 The report is a requirement of the Shareholder's Agreement between the company and the Council.

## 2. INVESTMENT PROPERTY PORTFOLIO UPDATE

- 2.1 The company's current property portfolio consists of 56 residential units and 1 commercial unit. The property portfolio is summarised in the table below:

Address	Units	Type
Walter Tull Way, Folkestone	5	2 x 1 bed units 2 x 2 bed units 1 x 3 bed unit
2 Grove Terrace, Dover Road, Folkestone	1	1 x 4 bed unit
15 Grace Hill, Folkestone	5	5 x 1 bed units
15 Grace Hill, Folkestone	1	1 x commercial unit
82 - 84 Leyburne Road, Dover	8	8 x 2 bed units
19 Castle Hill Avenue, Folkestone	10	9 x 1 bed units 1 x 2 bed unit
84 Sidney Street, Folkestone	4	3 x 1 bed units 1 x 2 bed unit
1 Claremont Road, Folkestone	5	5 x 1 bed units
10 Radnor Park Avenue, Folkestone (RVH Phase 1)	18	15 x 2 bed units 3 x 1 bed units
<b>Total</b>	<b>57</b>	

- 2.2 The property portfolio has been revalued as at 31 March 2023 resulting in a rise from £9.19m to £9.50m, an increase of £0.31m. The average increase for properties held since 31 March 2022 has been 3.25%. A schedule of the latest valuations for the company's property portfolio is shown in appendix 1 to this report.
- 2.3 All properties are currently tenanted with the exception of one unit at Leyburne Road in Dover that is currently being remarketed for let following previous repair works. Where vacancies have occurred the company's agents have worked hard to minimise void periods. The company uses Smith Woolley as its main managing agent for the property portfolio. However, two properties at Walter Tull Way remain being managed by Reeds Rains as it would not be advantageous to Oportunitas to alter this agreement at this time. Management of all the assets within the company will, however, continue to be kept under regular review.
- 2.4 The company continues to maintain a property safety register to document key areas of safety compliance across its property portfolio including, but not limited to, gas, fire, electrical and legionella. The register is continually

reviewed with both managing agents and then shared with members of the board on a monthly basis. The April 2023 position of the register in identifies no compliance issues within the portfolio.

## **2.5 Rental Arrears**

2.5.1 Tenants rent arrears has increased over the past year from £23.5k to £29.5k at 31 March 2023. £17k is for sums owing for more than one month. £19k has previously been set-a-side as a bad debts provision for rents and this remains reasonable cover for the level of rent arrears at 31 March 2023.

2.5.2 At 31 March 2023 there are nine cases where tenants have rent arrears of more than one month, including two former tenants. The managing agent is in regular contact with the existing tenants regarding their arrears and they are currently paying at least their basic monthly rent with some making additional payments towards their arrears. The position is being closely monitored and action may be taken by the company, using the Council's Legal Services team in conjunction with the managing agents, to commence possession proceedings against individual tenants in arrears.

## **2.6 Royal Victoria Hospital Development**

2.6.1 The company's main focus over during the 2023/24 year will be on the delivery of Phase 2 of the RVH development to bring forward a further 19 high quality units into the company's portfolio.

2.6.2 A progress report on Phase 2 works issued by the developer in July 2023 and highlights the following progress:

- Foundation piling – 100% completed
- Ground, first floor and second floor windows installed – 100% completed
- Ceilings – 100% completed
- Carpentry first fix – 100% completed
- Plastering 98% completed
- Decorating – 50% completed
- Carpentry second fix – 65% completed
- Kitchen Installations – 75% completed
- Tiling – 50% completed
- Plumbing and heating second fix – 50% completed

2.6.3 Phase 2 of the RVH development is now on course to complete in Autumn 2023. At the 31 March 2023 the company has paid almost £2.36m in staged payments to the contractor, RVH Folkestone Limited, towards Phase 2 of the development.

## **3. PROVISIONAL FINANCIAL OUTTURN FOR 2022/23**

3.1 The company's provisional financial outturn for the year ending 31 March 2023, including a commentary on the accounts, was reported to the Board on 22 September 2023 and is shown in appendix 2 to this report. The accounts are subject to an independent Audit which is currently in progress.

3.2 **Profit and Loss Account** – In summary the key points from the company's Profit and Loss Account are:

- i) Profit before tax of £439k including the unrealised property valuation gain of £309k
- ii) Excluding valuation gain, an operating profit of £130k has been made and is £134k more than the budget for the year.
- iii) Majority of turnover is from residential property lettings
- iv) Grounds maintenance income is now limited to a small amount of activity mainly for tree works
- v) Return from the full investment in the RVH scheme required to make the company financially sustainable over the medium term

3.3 **Balance Sheet** – The key points from the company's Balance Sheet are:

- i) Property portfolio for investment assets in use is now £9.5m .
- ii) £2.36m paid towards phase 2 acquisition of a further 19 units at the RVH scheme
- iii) The Council has loaned Oportunitas a further £1.5m to support the RVH acquisition. This has increased the loan from £4.25m to £5.72m

3.4 **Shareholder Benefit** – The gross shareholder benefit to the Council from its interest in the company during 2022/23 was £340k. However, the equity investment of £4.91m has been met from prudential borrowing and this has incurred a capital financing cost estimated to be £333k reducing the net shareholder benefit to the Council to £7k. This is due to the increase in borrowing costs in the past year from historic lows to an average of 4-5%.

#### 4. **84 Leyburne Road – Disposal of Land**

4.1 The sale of the surplus land adjacent at 84 Leyburne Road, Dover for £60k was completed on 24 October 2022. The legal agreement between the Council and the company requires proceeds from property sales to be paid to the Council unless agreed otherwise. The company's business plan for 2022/23 approved by Cabinet on 23 March 2022, made specific reference to retaining the receipt from the sale to help additional operating costs for the stock condition survey and external redecoration and maintenance works at 19 Castle Hill Avenue and 84 Leyburne Road. However, the

previous Cabinet took the decision on 25 January 2023 to require the company to pay the receipt to the Council, as is their right under the Shareholder Agreement. The impact of this decision is covered in the 2023/24 Business Plan report.

## **5. Stock Condition Survey of the existing portfolio**

- 5.1 The company budget for 2023/24 includes £20k towards the cost of undertaking of a full stock condition survey on its portfolio to establish a detailed understanding of the general condition of its properties, deferred from 2022/23. The survey will enable the company to establish a longer-term plan for property maintenance as well as forecasting the future investment required. The tender specification for the survey is to be drafted subject to resourcing requirements.
- 5.2. Two properties within the portfolio are to require significant external maintenance and preventative work over the next couple of years – 82/84 Leyburne Road, Dover and 19 Castle Hill Avenue, Folkestone. £64k has been provided over 2023/24 and 2024/25 for the cost of these works. Drone inspections have taken place on both properties and following advice sought from the managing agent, the maintenance and preventative work on 82/84 Leyburne Road, Dover will be prioritised first in the 2023/24 year. Formal quotes are being obtained ahead of committing to the works.

## **6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

- 6.1 **Legal (NM)** – The power for councils to trade their services for cost recovery only has been in force for many years. The power for councils to establish companies to trade for profit is set out in the Localism Act 2011. The company model provides a mechanism for local councils to operate more commercially and generate profit.

Officers have taken specialist legal advice from Bevan Brittan and will continue to work with these external legal advisers as and when the need arises.

- 6.2 **Finance (DL)** – This report has been prepared in conjunction with Financial Services and there are no further comments to add.
- 6.3 **Diversities and Equalities (GE)** – There are no diversity or equalities implications arising from this report.
- 6.4 **Climate Change (AT)** - There are no climate change implications arising from this report.

## **6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Telephone: 01303 85 3583

Email: [daniella.loxton@folkestone-hythe.gov.uk](mailto:daniella.loxton@folkestone-hythe.gov.uk)

Gavin Edwards, Performance & Improvement Specialist

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## **Appendices**

**Appendix 1:** Oportunitas Property Portfolio Valuation Schedule 31 March 2023

**Appendix 2:** Oportunitas Limited Financial Outturn 2022/23 (subject to audit)

**Appendix 3 - Oportunitas Limited Property Portfolio at 31 March 2022**

ITEM NUMBER	ASSET REFERENCE	PROPERTY ADDRESS	DESCRIPTION	PREVIOUS VALUATION	VALUATION AT 31/03/2023
1	AR0001	Flat 1, 2 Walter Tull Way, Folkestone	1 bed flat	£172,000	<b>£172,000</b>
2	AR0002	Flat 2, 2 Walter Tull Way, Folkestone	1 bed flat	£180,000	<b>£180,000</b>
3	AR0003	4 Walter Tull Way, Folkestone	2 bed house	£275,500	<b>£283,500</b>
4	AR0004	6 Watler Tull Way, Folkestone	2 bed house	£275,500	<b>£283,500</b>
5	AR0005	16 Walter Tull Way, Folkestone	3 bed house	£301,000	<b>£315,000</b>
6	AR0006	2 Grove Terrace, Folkestone	4 bed house	£260,000	<b>£275,000</b>
7	AR0007.1	Flat 1, 15 Grace Hill, Folkestone	1 bed flat	£122,500	<b>£128,500</b>
8	AR0007.2	Flat 2, 15 Grace Hill, Folkestone	1 bed flat	£114,000	<b>£119,500</b>
9	AR0007.3	Flat 3, 15 Grace Hill, Folkestone	1 bed flat	£118,000	<b>£123,750</b>
10	AR0007.4	Flat 4, 15 Grace Hill, Folkestone	1 bed flat	£111,500	<b>£117,000</b>
11	AR0007.5	Flat 5, 15 Grace Hill, Folkestone	1 bed flat	£111,500	<b>£117,000</b>
12	AR0007.6	Commercial Unit, 15 Grace Hill	Office space	£81,000	<b>£81,000</b>
13	AR0008.1	Flat 1, 82 Leyburne Road, Dover	2 bed flat	£118,000	<b>£119,000</b>
14	AR0008.2	Flat 2, 82 Leyburne Road, Dover	2 bed flat	£137,500	<b>£138,750</b>
15	AR0008.3	Flat 3, 82 Leyburne Road, Dover	2 bed flat	£139,500	<b>£140,750</b>
16	AR0008.4	Flat 4, 82 Leyburne Road, Dover	2 bed flat	£131,500	<b>£132,750</b>
17	AR0009.1	Flat 1, 84 Leyburne Road, Dover	2 bed flat	£118,000	<b>£119,000</b>
18	AR0009.2	Flat 2, 84 Leyburne Road, Dover	2 bed flat	£137,500	<b>£138,750</b>
19	AR0009.3	Flat 3 84 Leyburne Road, Dover	2 bed flat	£139,500	<b>£140,750</b>
20	AR0009.4	Flat 4, 84 Leyburne Road, Dover	2 bed flat	£131,500	<b>£132,750</b>
21	AR0009.5	Building Plot 84 Leyburne Road, Dover	Land	£60,000	<b>£0</b>
22	AR0010.1	Flat 1, 19 Castle Hill Avenue, Folkestone	1 bed flat	£159,000	<b>£167,000</b>
23	AR0010.2	Flat 2, 19 Castle Hill Avenue, Folkestone	1 bed flat	£171,500	<b>£180,000</b>
24	AR0010.3	Flat 3, 19 Castle Hill Avenue, Folkestone	2 bed flat	£210,000	<b>£210,000</b>
25	AR0010.4	Flat 4, 19 Castle Hill Avenue, Folkestone	1 bed flat	£164,500	<b>£172,500</b>
26	AR0010.5	Flat 5, 19 Castle Hill Avenue, Folkestone	1 bed flat	£159,000	<b>£167,000</b>
27	AR0010.6	Flat 6, 19 Castle Hill Avenue, Folkestone	1 bed flat	£159,000	<b>£167,000</b>
28	AR0010.7	Flat 7, 19 Castle Hill Avenue, Folkestone	1 bed flat	£146,000	<b>£153,000</b>
29	AR0010.8	Flat 8, 19 Castle Hill Avenue, Folkestone	1 bed flat	£146,000	<b>£153,000</b>
30	AR0010.9	Flat 9, 19 Castle Hill Avenue, Folkestone	1 bed flat	£138,750	<b>£145,500</b>
31	AR0010.10	Flat 10, 19 Castle Hill Avenue, Folkestone	1 bed flat	£140,000	<b>£147,000</b>
32	AR0011.1	Flat 1, 84 Sidney Street, Folkestone	2 bed flat	£98,500	<b>£103,000</b>
33	AR0011.2	Flat 2, 84 Sidney Street, Folkestone	1 bed flat	£116,250	<b>£122,000</b>
34	AR0011.3	Flat 3, 84 Sidney Street, Folkestone	1 bed flat	£116,250	<b>£122,000</b>
35	AR0011.4	Flat 4, 84 Sidney Street, Folkestone	1 bed flat	£137,000	<b>£143,000</b>

**Appendix 3 - Oportunitas Limited Property Portfolio at 31 March 2022**

ITEM NUMBER	ASSET REFERENCE	PROPERTY ADDRESS	DESCRIPTION	PREVIOUS VALUATION	VALUATION AT 31/03/2023
36	AR0012.1	Flat 1, 1 Claremont Road, Folkestone	1 bed flat	£101,500	<b>£106,500</b>
37	AR0012.2	Flat 2, 1 Claremont Road, Folkestone	1 bed flat	£111,500	<b>£117,000</b>
38	AR0012.3	Flat 3, 1 Claremont Road, Folkestone	1 bed flat	£116,500	<b>£122,000</b>
39	AR0012.4	Flat 4, 1 Claremont Road, Folkestone	1 bed flat	£111,500	<b>£117,000</b>
40	AR0012.5	Flat 1a, 1 Claremont Road, Folkestone (formerly Flat 5)	1 bed flat	£120,500	<b>£126,500</b>
41	AR013.1	Flat 1, 10 Radnor Park Avenue, Folkestone	2 bed flat	£194,000	<b>£207,500</b>
42	AR013.2	Flat 2, 10 Radnor Park Avenue, Folkestone	2 bed flat	£194,000	<b>£203,500</b>
43	AR013.3	Flat 3, 10 Radnor Park Avenue, Folkestone	2 bed flat	£183,500	<b>£192,500</b>
44	AR013.4	Flat 4, 10 Radnor Park Avenue, Folkestone	2 bed flat	£183,500	<b>£192,500</b>
45	AR013.5	Flat 5, 10 Radnor Park Avenue, Folkestone	2 bed flat	£183,500	<b>£192,500</b>
46	AR013.6	Flat 6, 10 Radnor Park Avenue, Folkestone	2 bed flat	£188,750	<b>£198,000</b>
47	AR013.7	Flat 7, 10 Radnor Park Avenue, Folkestone	2 bed flat	£188,750	<b>£198,000</b>
48	AR013.8	Flat 8, 10 Radnor Park Avenue, Folkestone	2 bed flat	£222,500	<b>£235,000</b>
49	AR013.9	Flat 9, 10 Radnor Park Avenue, Folkestone	2 bed flat	£222,250	<b>£235,000</b>
50	AR013.10	Flat 10, 10 Radnor Park Avenue, Folkestone	2 bed flat	£183,500	<b>£192,500</b>
51	AR013.11	Flat 11, 10 Radnor Park Avenue, Folkestone	2 bed flat	£183,500	<b>£192,500</b>
52	AR013.12	Flat 12, 10 Radnor Park Avenue, Folkestone	2 bed flat	£200,000	<b>£210,000</b>
53	AR013.13	Flat 13, 10 Radnor Park Avenue, Folkestone	1 bed flat	£167,500	<b>£176,000</b>
54	AR013.14	Flat 14, 10 Radnor Park Avenue, Folkestone	2 bed flat	£200,000	<b>£210,000</b>
55	AR013.15	Flat 15, 10 Radnor Park Avenue, Folkestone	1 bed flat	£146,750	<b>£154,000</b>
56	AR013.16	Flat 16, 10 Radnor Park Avenue, Folkestone	1 bed flat	£146,750	<b>£154,000</b>
57	AR013.17	Flat 17, 10 Radnor Park Avenue, Folkestone	2 bed flat	£175,000	<b>£180,500</b>
58	AR013.18	Flat 18, 10 Radnor Park Avenue, Folkestone	2 bed flat	£172,000	<b>£180,500</b>

£9,194,500	£9,503,750
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<b>Valuation Gain</b>	<b>£309,250</b>
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**Oportunitas Board Meeting 22 September 2023**

**Oportunitas Limited – Financial Outturn 2022/23 (Subject to Audit)**

**Prepared by Dani Loxton**

**Summary:** This paper provides a summary of the provisional financial outturn position for the company for the year ending 31 March 2023. The Profit and Loss Account and the Balance Sheet are subject to an independent Audit.

**Recommendations:**

**The Board note the financial outturn for the year ending 31 March 2023 (subject to Audit).**

## 1. Introduction and Background

- 1.1 This paper provides a summary of the provisional financial outturn position for the company for the year ending 31 March 2023. The Profit and Loss Account and the Balance Sheet are subject to an independent Audit.
- 1.2 The Board will be separately asked to consider and approve the audited accounts for the year ending 31 March 2023 later this year.

## 2. Profit and Loss Account 2022/23

- 2.1 The Profit and Loss Account for the year ending 31 March 2023 is shown in appendix 1 to this paper. This includes a variance analysis comparing the outturn to the original forecast for the year, the previously reported outturn projection for the year considered by the Board at its meeting on 6 March 2023 and comparative information for the previous financial year.
- 2.2 The company has made a profit after tax of £356k including an unrealised valuation gain of £309k on its property portfolio. The average valuation increase since over the past year is 3.25%. A summarised list of the property valuations as at 31 March 2023 is shown in appendix 3 to this paper.
- 2.3 Excluding the valuation gain and the associated deferred Corporation Tax on the profit, the company has made an operating profit of £130k for the financial year. A small operating loss was originally forecast, the reason for the profit is due to the stock condition survey and major repairs being reprofiled to 23/24. This is about £49k more than the previous projected outturn position reported to the Board on 6 March 2023. The main reasons for the increase in the operating profit of £134k compared to the original forecast are summarised in the table below:

	£'000
i) Reduction in rents due to a delay in the completion of phase 1 of the RVH site	62
ii) Sale proceeds from land paid to FHDC	60
iii) Reduction in bad debts provision	(17)
iv) Lower than budgeted voids	(22)
v) Lower than budgeted operating costs	(32)
vi) Major repairs and stock condition survey reprofiled to future years	(84)
vii) Reduction in loan interest due to FHDC from delays to payments for Phase Two of RVH scheme	(81)
viii) Other minor changes	(20)
<b>Net increase</b>	<b><u>(134)</u></b>

- 2.4 The majority of the company's turnover of £567k has been from its residential property lettings activity (£498k). This is an increase of £216k compared to the turnover of £351k for the previous year and is mainly due to the additional rental stream from the first phase of the RVH scheme and sale proceeds from surplus land.

- 2.5 At 31 March 2023 the company is owed £29.5k in rent arrears of which £17k is for sums owing for more than one month. The existing bad debts provision of £19k is seen as reasonable cover for this meaning no additional charge has been made in the year.
- 2.6 The company's grounds maintenance activity has been scaled back and now focuses on undertaking tree works rather than general gardening services. The company receives a net income of 20% over the cost of the work undertaken by the contractor, the Council's Grounds Maintenance team.
- 2.7 The deferred Corporation Tax is based on the unrealised profit from the property valuation gains and will only start to become payable when the company makes an operating profit or should any assets be sold.
- 2.8 The company's trading activities currently do not generate a sufficient surplus to meet its full operating cost including the loan interest and overheads. This is being addressed with the additional investment of £6.9m being made by the Council to support the company's acquisition of 37 new residential units at the RVH scheme. Phase 2 of the development is due for completion by the end of September 2023 and once fully operational the new units will allow the company to become financially sustainable over the medium term and continue to provide a return to the Council.

### 3. Balance Sheet at 31 March 2023

- 3.1 The Balance Sheet for the year ending 31 March 2023 with comparative information for the previous financial year and supporting notes is shown in appendix 2 to this paper.
- 3.2 The key issues to highlight from the Balance Sheet are:

- i) Investment Assets - The value of the company's property portfolio of 56 residential units and 1 commercial unit has increased to £9.5m. Additionally, the company has paid almost £2.4m in stage payments towards phase 2 of the RVH scheme, shown as Investment Assets under construction.

- ii) The Profit and Loss Reserve is analysed as follows:

	£'000
i) Cumulative property valuation gain	1,937
ii) Cumulative deferred Corporation Tax	(242)
iii) Cumulative operating loss	(348)
<b>Profit and Loss Reserve</b>	<b>1,348</b>

#### 4. Shareholder Benefit

4.1 The gross shareholder benefit to the Council from Oportunitas for 2022/23, with comparative information for 2021/22, is shown in the table below:

	2021/22 Actual £	2022/23 Actual £
Interest received	(208,582)	<b>(207,158)</b>
Cost reimbursement		
Staff Cost	(25,000)	<b>(33,600)</b>
Loan Fee	(12,350)	-
Members Allowances	(9,721)	<b>(8,591)</b>
Grounds Maintenance	(8,488)	-
Sale Proceeds		<b>(60,000)</b>
Loan repayments	(28,800)	<b>(30,222)</b>
Total Return	<u>(292,941)</u>	<u><b>(339,571)</b></u>

**Appendix 1**

**Opportunitas Limited Profit and Loss Account for Year Ending 31 March 2023**

	<i>Outturn</i>	Original Budget	Previous Projected Outturn	<b>Provisional Outturn</b>	Variance Original Budget to Provisional Outturn
<b>Trading Account</b>	2021/22	2022/23	2022/23	2022/23	2022/23
	£	£	£	£	£
<b>Housing Rental</b>					
Rental Income	340,699	542,370	488,499	<b>498,379</b>	(43,991)
Other Income- Land Sale	0	60,000	0	<b>60,000</b>	0
Rental Expenses	(136,583)	(172,725)	(110,702)	<b>(110,104)</b>	62,622
Special Item - Stock Condition Survey	0	(20,000)	0	<b>0</b>	20,000
Special Item - Major External Repairs	0	(64,300)	0	<b>0</b>	64,300
Net	204,116	345,344	377,797	<b>448,275</b>	102,931
<b>Grounds Maintenance</b>					
Income	9,968	15,300	7,500	<b>8,510</b>	(6,790)
Expenses	(8,488)	(12,240)	(6,000)	<b>0</b>	12,240
Net	1,480	3,060	1,500	<b>8,510</b>	5,450
<b>Overheads</b>					
Directors Remuneration	(9,721)	(11,645)	(10,023)	<b>(8,591)</b>	3,054
FHDC Officer Support	(30,000)	(28,000)	(28,000)	<b>(33,600)</b>	(5,600)
Operating Expenses	(33,859)	(26,182)	(18,161)	<b>(77,242)</b>	(51,060)
Total Overheads	(73,580)	(65,827)	(56,184)	<b>(119,433)</b>	(53,606)
Loan Interest	(208,581)	(286,296)	(242,142)	<b>(207,158)</b>	79,138
<b>Operating Surplus / (Deficit) for period</b>	(76,565)	(3,719)	80,971	<b>130,193</b>	133,912
<b>Unrealised Property Valuation Gain</b>	<b>736,500</b>	0	0	<b>309,250</b>	309,250
<b>Profit before Tax</b>	<b>659,935</b>	<b>(3,719)</b>	<b>80,971</b>	<b>439,443</b>	443,162
<b>Deferred Tax on Profit</b>	<b>(183,512)</b>	0	0	<b>(83,494)</b>	(83,494)
<b>Profit after Tax</b>	<b>476,423</b>	<b>(3,719)</b>	<b>80,971</b>	<b>355,949</b>	359,668

## Appendix 2

### Oportunitas Limited - Balance Sheet 31 March 2023 (Subject to Audit)

	31/03/2022	31/03/2023
	Outturn	Outturn
	£	£
<b>Fixed Assets</b>		
Investment Assets	9,195,500	9,503,750
Investment Assets Under Construction	1,086,500	2,361,500
	<u>10,281,00</u>	<u>11,865,250</u>
<b>Current Assets</b>		
Debtors - Other	23,664	24,739
VAT Reimbursement	4,150	(330)
Bank Account	32,085	352,890
	<u>59,898</u>	<u>377,299</u>
<b>Current Liabilities</b>		
Creditors : Short Term	(28,843)	(21,429)
VAT Liability	0	0
Loans (principal due within 12 months)	(30,222)	(31,715)
	<u>(59,065)</u>	<u>(53,144)</u>
<b>Current Assets less Current Liabilities:</b>	<u>833</u>	<u>324,155</u>
<b>Total Assets less Current Liabilities:</b>	<u>10,281,833</u>	<u>12,189,405</u>
<b>Long Term Liabilities</b>		
Creditors : Long Term		
Loans	(4,222,284)	(5,690,569)
Deferred Corporation Tax	(242,186)	(242,030)
	<u>(4,464,470)</u>	<u>(5,932,599)</u>
<b>Total Assets less Total Liabilities:</b>	<u>5,817,363</u>	<u>6,256,806</u>
<b>Capital &amp; Reserves</b>		
Share Capital	2,515	2,515
Share Premium	4,906,236	4,906,236
Profit & Loss Account	908,612	1,348,055
	<u>5,817,363</u>	<u>6,256,806</u>

## Notes to the Balance Sheet

### 1. Investment Assets

The change in value of the portfolio over the year is summarised below:

	£
Portfolio value at 31 March 2022	9,194,500
Valuation Gains 2022/23	309,250
Portfolio value at 31 March 2023	<u>9,503,750</u>

## 2. Investment Assets Under Construction

The company has entered into a contract with RVH Folkestone Limited to purchase 19 residential units in phase two of the former Royal Victoria Hospital site in Folkestone and £2,361,500 has been paid towards the acquisition at 31 March 2023. Ownership of the units will pass to the company on completion of each of the two phases.

## 3. Debtors - Others

	31 March 2022	31 March 2023
	£	£
Tenants - Gross Rent Arrears	23,619	23,951
Less Bad Debt Provision	(18,880)	(18,880)
Tenants - Net Rent Arrears	4,739	5,071
Rent Cash Due from Agents	7,779	5,561
Net Rent Arrears	12,518	10,632
Prepayments & Other Debtors	11,146	14,106
Trade Debtors	-	-
<b>Total Debtors - Others</b>	<b>23,664</b>	<b>24,739</b>

## 4. Creditors (Short Term)

	31 March 2022	31 March 2023
	£	£
Trade Creditors	19,452	21,428
Receipts in Advance	-	-
Rent Deposit	-	-
<b>Total Creditors</b>	<b>19,452</b>	<b>21,428</b>

## 5. Loans

The Council has a loan agreement with the Company to support the acquisition of property (£4.309m) and provide a working capital facility (£0.3m) for short term cash flow requirements. The existing loan facility for property acquisitions was fully utilised during 2019/20 and became repayable during 2020/21 over a 45 year period. The movement in loans over the year is summarised below

	Housing Acquisition Loan £'000	Working Capital Loan £'000	Total Loans £'000
Balance 31 March 2022	(4,253)	-	(4,253)
Advances	(1,500)	-	(1,500)
Repayments	30	-	30
<b>Balance 31 March 2023</b>	<b>(5,723)</b>	<b>-</b>	<b>(5,723)</b>
Due less 12 months	32		
Due long term	5,691		
Total	<u>5,723</u>		

## 6. Share Capital and Share Premium

The Council has increased its investment in the Company during 2022/23 by £1.5m. This is part of an agreed investment package of £6.9m to support the Company's expansion to enable it to trade sustainably in the long term while providing a return to the Council as the sole shareholder.

## 7. Profit and Loss Account Reserve

The Profit and Loss Account Reserve is analysed in the table below

	Operating Loss £'000	Deferred Tax Liability £'000	Valuation Changes £'000	Total £'000
Balance B/F	(478)	(242)	1,628	908
Movement 2022/23	130		309	439
<b>Balance C/F</b>	<b>(348)</b>	<b>(242)</b>	<b>1,937</b>	<b>1,348</b>