



Report Number **C/23/69**

**To:** Cabinet  
**Date:** 13 December 2023  
**Status:** Non-Key Decision  
**Director:** Andy Blaszkowicz, Corporate Director – Housing & Operations  
**Oportunitas Chair:** Councillor James Butcher

**SUBJECT: OPORTUNITAS PROGRESS REPORT 2023/24 To 31 October 2023**

**SUMMARY:** This report provides an update from the Board of Oportunitas Ltd (“the company”) on activities undertaken so far during the 2022/24 financial year, including a projected outturn for the profit and loss account for the period to 31 March 2024 compared to the original forecast, based on activity to 31 October 2023. The report also outlines the company’s audited Statement of Accounts for the financial year ending 31 March 2023. This report is in-line with the requirement contained in the Shareholder’s Agreement between the company and the Council. The Chair of Oportunitas will be available at the meeting of Cabinet to present the report and to address any questions.

#### **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/23/69.
2. To note the Full Statement of Accounts and Directors’ Report for the financial year ending 31 March 2023.
3. To note the latest projected outturn for the Profit and Loss Account of Oportunitas Limited for the financial year ending 31 March 2024.

## 1. BACKGROUND

- 1.1 The report sets out the company's current progress in 2023/24 in relation to its investments and trading activity, based on activity to 31 October 2023, and is a requirement of the Shareholder's Agreement between the company and the Council. Cabinet considered the previous progress report for the company on 22 September 2023, based on activity to 31 August 2023.
- 1.2 The report sets out the company's audited Statement of Accounts for the financial year ending 31 March 2023 and outlines the changes from the provisional outturn position reported to Cabinet on 18 October 2023.
- 1.3 The report also provides a financial update for the current year including the latest projected outturn for the company's profit and loss account for the financial year ending 31 March 2023 compared to the original forecast for the year which was set as part of the current approved Business Plan. The financial update includes the latest position regarding the company's expenditure and funding for the acquisition of residential properties at the Royal Victoria Hospital (RVH) site in Folkestone.

## 2 INVESTMENT PORTFOLIO UPDATE

### 2.1 Property Portfolio

- 2.1.1 The company's current property portfolio remains at 75 residential units and 1 commercial unit, 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 (Royal Victoria Hospital – Phase A)	18	15 x 2 bed units 3 x 1 bed units
8a Radnor Park Avenue, Folkestone (Royal Victoria – Phase B)	19	17x 2 bed units 2x 1 bed units
<b>Total</b>	<b>76</b>	

2.1.2 All existing residential properties (not including RVH 2) are currently tenanted with the exception of one unit at Leyburne Road in Dover that at the time of writing this report is currently in the process of being let subject to tenant referencing. 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. Management of all the assets within the company continue to be kept under regular review. The commercial unit at 15 Grace Hill, Folkestone is currently vacant due previous substantial damage following a leak from the flat above, at the time of writing this report, the ceiling debris has now been cleared and quotations are being sought by the managing agent from contractors for repairs to the ceiling and replacement of the floor within the unit to a screed flooring type. The company as previously reported will be covering the cost of the repairs which is estimated to be £25k in order to bring the unit back into a rentable condition following an unsuccessful claim with the insurance company.

2.1.3 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 the Board members each month. The October 2023 position of the register identifies no compliance issues within the portfolio.

## **2.2 Tenant Rental Arrears**

2.2.1 At 31 October 2023 the property portfolio has tenant rental arrears of £14.2k for its property portfolio, a slight decrease of £300 compared to the previously reported total of £14.6k at 30 September 2023. The company has made good progress in continuing to reduce tenant rental arrears over the past two years where at 31 October 2020 the total figure originally stood at £23.4k.

2.2.2 There are eight tenants with rental arrears of one month or more as at 31 October 2023 and the managing agent is working closely with those tenants to actively reduce this. £5.5k arrears relates to one tenancy. In this case, the managing agent is in regular contact with the tenant who is currently paying their basic monthly rent and making additional payments towards their arrears through a debt management plan. The position continues to be closely monitored for all the arrears and action may be taken by the company, using the Council's Legal Services team in conjunction with the managing agents, in-line with the company's Debt Management Policy.

## **2.3 Royal Victoria Hospital (RVH)**

2.3.1 Work on Phase 2 of the RVH Development to bring forward a further 19 units in a new four storey block of flats adjacent to the former RVH building, has now completed. The block comprising one- and two-bedroom units was legally handed over to the company on 13<sup>th</sup> October 2023.

2.3.2 The marketing strategy worked up to showcase the 19 Phase 2 units, along with two open days to generate interest from perspective tenants was undertaken by the managing agent (Smith Woolley). The online marketing of the units commenced on the day of completion and two open days were hosted on 21<sup>st</sup> and 28<sup>th</sup> October 2023. The new units have been positively received in the marketplace and at the time of finalising this report (w/c 23<sup>rd</sup> November 2023), the managing agent has confirmed the successful letting of all 19 units. Tenants begun moving into the new units at the end of October with the final tenants due to move in at the beginning of December.

2.3.3 The 19 units were all advertised at market rents ranging from (£800- £1,075 per calendar month). The agent has successfully secured full market rents on all units that will achieve a monthly rental income of £19,315 for the company.

## 2.4 Financial Review of the Company

2.4.1 Officers are commissioning external consultants to review the financial structure of the company to inform future decisions and the next business plan. The review will consider how the company is funded and the current financial performance. A scoping paper was presented at the last board meeting in November highlighting the scope of the review that will take into consideration the following:

- Financial viability of the company and due diligence.
- Assessment and modelling of profitability/breakeven.
- Assessment of leverage, Debt: Equity ratio, including options for the restructure of debt and identification of potential debt cost savings.

2.4.2 Quotations for external consultants to undertake this financial review have been received and are being reviewed by finance officers within the company with a further update on the work to be circulated in advance of the next company board meeting scheduled for February 2024. The board agreed that this can be funded either from operating profit (preferred option) or the £20k that has been budgeted for the stock condition survey. The stock condition survey will be re-profiled to 24/25 once the financial review has been completed.

## 3. FINANCIAL OUTTURN TO 31 MARCH 2023

3.1 The company's provisional financial outturn for the year ending 31 March 2023, subject to Audit, was considered by Cabinet on 18 October 2023. The Board considered and approved the company's audited statement of accounts at its meeting on 22 November 2023. A copy of the outturn report to the Board and the full Statement of Accounts and Directors' Report for the financial year ending 31 March 2023 are shown in appendices 1 and 2 respectively to this report. The main changes made to the audited outturn compared to the provisional position reported in October are outlined below.

3.2 **Profit and Loss Account – Appendix 1** shows the profit after tax is £304,859 (equals operating surplus £48,440 plus unrealised property revaluation gains of £369,250 less corporation tax liability of £112,831), an increase of £134,585 compared to the provisional figure of £439,443. The reasons for this increase are summarised below:-

Adjustment	Amount (£)
i) A reduction in income	6,586
ii) Deferred Corporation Tax liability applicable for the year	112,831
iii) Accrued loan interest	35,631
iv) A reduction in operating expenses	(20,563)
<b>Total adjustment</b>	<b>134,585</b>

3.3 Further information regarding these changes is contained in appendix 1.

3.4 The full Statement of Accounts shown in **appendix 2** has been submitted to Companies House as a matter of public record.

3.5 Audit Opinion – It is pleasing to note the Auditor has given an unqualified opinion of the company's accounts for the financial year.

#### 4. FINANCIAL UPDATE FOR 2023/24

4.1 The company's latest financial update for 2023/24 was reported to the Board on 22 November 2023 and a copy is shown in **appendix 3** to the report. The update shows the latest projected outturn for the profit and loss account compared to both the original forecast and previous projection for the current financial year to 31 March 2024 together with the latest position for the RVH scheme.

4.2 In summary, the company's profit and loss account is projected to make an operating profit of approximately £94k for the year, an increase of £145k compared to the original forecast operating loss of £51k. The profit is approximately £60k more than previously projected to the Board on 22 September 2023. The main reason for the projected increase in the operating profit is that repayments for the loan for RVH2 will not become repayable until 24/25 resulting in a saving on the interest of £103k that was due to be paid in 23/24. Additional rental income will be £232k in 24/25.

4.3 The company's property portfolio will be revalued as at 31 March 2024 ahead of finalising the accounts for the financial year.

4.4 The table below summarises the latest position for capital expenditure incurred on the RVH development:

	Phase 1	Phase 2	Contract Total	SDLT	Total
	£m	£m	£m	£m	£m
Agreed Sale Price	3.150	3.300	6.450	0.250	6.700
Paid to date	3.150	3.300	6.450	0.211	6.661
Balance	-	-	-	0.039	0.039

4.5 The funding of the capital expenditure incurred to date has been met from the proceeds of the Council's additional investment of £4.43m in the company and £2.1m of the agreed loan facility of £2.47m. Phase 2 of the RVH development completed on the 29 September 2023. The remainder of the loan facility will be drawn down by 31 March 2023. Interest will accrue on this loan and become payable from 1 April 2024.

4.6 The latest projected net financial benefit to the Council from the company in 2023/24 compared to the original estimate is shown in the table below:

	Estimate 2023/24 £'000	Projection 2023/24 £'000
Loan interest	309	205
Loan repayments	32	32
Staff costs - reimbursement	29	29
Members Allowances - reimbursement	12	12
Grounds Maintenance recharge	8	8
<b>Total Benefit</b>	<b>390</b>	<b>286</b>
Less, FHDC capital financing cost	(500)	(500)
<b>Net Financial Deficit</b>	<b>(111)</b>	<b>(214)</b>

4.7 The reduction in the benefit of £103k to the Council is due to the loan interest repayments for RVH2 not being due to start being repaid until 24/25 due to the delay in completion of the scheme.

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

- 5.1 **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.

- 5.2 **Finance (DL)** – This report has been prepared in conjunction with Financial Services and there are no further comments to add.
- 5.3 **Equalities (GE)** – There are no diversity or equalities implications arising from this report.
- 5.4 **Climate Change (OF)** - 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:

Daniella Loxton, Senior Finance Specialist (Capital and Treasury)  
Telephone: 01303 85 3583  
Email: [daniella.loxton@folkestone-hythe.gov.uk](mailto:daniella.loxton@folkestone-hythe.gov.uk)

Gavin Edwards, Board Administrator (Oportunitas Ltd)  
Telephone: 01303 853436  
Email: [gavin.edwards@folkestone-hythe.gov.uk](mailto:gavin.edwards@folkestone-hythe.gov.uk)

### **Appendices:**

**Appendix 1:** Oportunitas Ltd Board Meeting 23 November 2023 – Board Paper  
Oportunitas Ltd Audited Statement of Accounts to 31 March 2023

**Appendix 2:** Oportunitas Ltd Statement of Accounts and Directors' Report for the financial year ending 31 March 2023

**Appendix 3:** Oportunitas Ltd Board Meeting 23 November 2023 - Financial Update Report for 2023/24

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### **Oportunitas Board Meeting 23 November 2023**

### **Oportunitas Limited – Audited Statement of Accounts to 31 March 2023**

**Prepared by Dani Loxton**

**Summary:** This paper seeks the Board’s approval of the audited Statement of Accounts for the financial year ending 31 March 2023 to enable them to be submitted to Companies House.

#### **Recommendations:**

- 1. The Board receive and note the Management Letter from the Auditor**
- 2. The Board receive and approve the Statement of Accounts and Directors Report of Oportunitas Limited for the financial year ending 31 March 2023 to be signed as a correct record by the Chair**
- 3. The Board receive and approve the Letter of Representation to the Auditors to be signed by the Chair**

#### **1. Introduction and Background**

- 1.1 On 22 September 2023 the Board considered and noted the company’s provisional outturn financial position for the year ending 31 March 2023, subject to audit. The accounts have now been reviewed and independently audited by the company’s Auditor, Begbies Chartered Accountants, and are required to be approved by the Board so they can be submitted to Companies House by 31 December 2023. The paper provides an explanation of the changes to the audited outturn position compared to the provisional position previously reported to the Board.
- 1.2 The Board is required to consider and approve the following documents appended to this report before they can be signed as a correct record by the Chairman or one of the senior directors of the company:
  - i) The Management Letter from the Auditor outlining their key findings from the audit of the accounts
  - ii) The full Statement of Accounts and Directors Report for the year ending 31 March 2023

- iii) The Letter of Representation to the Auditors, confirming the Board agree the accounts are materially correct.

## 2. Changes Between the Provisional and Final Statement of Accounts

2.1 The review and audit has required some changes to be made to the Statement of Accounts compared to the provisional outturn reported to the Board on 22 September 2023.

2.1.1 **Profit and Loss Account** – Appendix 1 shows the profit after tax is £304,859, a decrease of £134,585 compared to the provisional figure of £439,443. The reasons for this decrease summarised below:

Adjustment	Amount (£)
i) A reduction in income	6,586
ii) Deferred Corporation Tax liability applicable for the year	112,831
iii) Accrued loan interest	35,631
iv) A reduction in operating expenses	(20,463)
<b>Total adjustment</b>	<b><u>134,585</u></b>

2.1.2 The reduction in income is due to a revision of the debtors applicable for March 2023.

2.1.3 The amount of deferred Corporation Tax liability was not included in the provisional outturn as the final amount is determined once the accounts have been audited.

2.1.4 An amount of accrued interest has been calculated as it is an accounting requirement that interest is charged in the same year as the loan is drawn down not when it becomes repayable.

2.1.5 The reduction in operating expenses is due to a reduction in the amount of bad debt provision required for March 2023.

2.1.6 The £60k received from the sale of land has been included in unrealized property revaluations and treated as a disposal of an asset instead of as part of the turnover income.

2.1.7 **Balance Sheet** – Appendix 2 shows the value of the company's net assets is £6,122,222, a decrease of £134,585 compared to the provisional outturn figure of £6,256,808. The increase mirrors the adjustment for the company's increase in its profit after tax and is represented in the Profit and Loss Account Reserve shown on the Balance Sheet.

## **2 Audit Opinion**

- 2.1 It is pleasing to note the Auditor has given an unqualified opinion of the accounts of the company for the year ending 31 March 2023. The full opinion is shown on page 4 of the Full Statement of Accounts and Directors Report document.
- 2.2 The Management Letter from the Auditor to the Directors outlines the issues found during the Audit of the accounts. The only item raised of note is that FHDC has not charged a management fee for grounds maintenance. In previous years it was charged at a rate of 85% of the income, if this had been applied to 2023 income the charge would be £6,924. However, it is not material and has not been changed.

## Appendix 1

### Post-Audit Profit and Loss Account for Year Ending 31 March 2023

	2021/22	2022/23	<b>2022/23</b>	2022/23
	<i>Outturn</i>	Provisional Outturn	<b>Outturn</b>	Variance
	£	£	£	£
<b>Housing Rental</b>				
Rental Income	340,699	498,349	<b>492,157</b>	6,222
Other income	0	60,000	<b>0</b>	60,000
Rental Expenses	<u>(136,583)</u>	<u>(110,104)</u>	<u><b>(110,104)</b></u>	<u>0</u>
Net	204,116	448,275	<b>382,053</b>	66,222
<b>Grounds Maintenance</b>				
Income	9,968	8,510	<b>8,146</b>	364
Expenses	<u>(8,488)</u>	<u>0</u>	<u><b>0</b></u>	<u>0</u>
Net	1,480	8,510	<b>8,146</b>	364
<b>Overheads</b>				
Directors Remuneration	(9,721)	(8,591)	<b>(8,591)</b>	0
FHDC Officer Support	(30,000)	(33,600)	<b>(33,600)</b>	0
Operating Expenses	<u>(33,859)</u>	<u>(77,242)</u>	<u><b>(56,779)</b></u>	<u>(20,463)</u>
Total Overheads	(73,580)	(119,433)	<b>(98,970)</b>	0
<b>Loan Interest</b>	(208,581)	(207,158)	<b>(242,789)</b>	35,631
<b>Surplus/(Loss) on Operating Activities</b>	<u>(76,595)</u>	<u>130,193</u>	<u><b>48,440</b></u>	<u>81,754</u>
<b>Unrealised Property Valuation Gains</b>	736,500	309,250	<b>369,250</b>	(60,000)
<b>Profit before Tax</b>	<u>659,935</u>	<u>439,443</u>	<u><b>417,690</b></u>	<u>21,754</u>
<b>Deferred Tax on Profit</b>	<u>(183,512)</u>	<u>0</u>	<u><b>(112,831)</b></u>	<u>29,337</u>
<b>Profit after Tax</b>	<u>476,423</u>	<u>439,443</u>	<u><b>304,859</b></u>	<u>134,585</u>

## Appendix 2

### Post-Audit Balance Sheet as at 31 March 2023

	31/03/2022	31/03/2023	31/03/2023	
	Outturn	Provisional	Outturn	Variance
	£	£	£	£
<b>Fixed Assets</b>				
Investment Assets	9,194,500	9,503,750	<b>9,503,750</b>	0
Investment Assets Under Construction	1,086,500	2,361,500	<b>2,361,500</b>	0
	<u>10,281,000</u>	<u>11,865,250</u>	<b><u>11,865,250</u></b>	0
<b>Current Assets</b>				
Debtors - Other	23,344	24,739	<b>36,675</b>	11,936
VAT Reimbursement	4,150	(330)	<b>0</b>	330
Bank Account	32,085	352,890	<b>353,727</b>	837
	<u>59,898</u>	<u>377,299</u>	<b><u>390,402</u></b>	13,103
<b>Current Liabilities</b>				
Creditors: Short Term	(28,843)	(21,429)	<b>(20,498)</b>	931
VAT Liability	0	0	<b>0</b>	0
Loans (principal due within 12 months)	(30,222)	(31,715)	<b>(67,346)</b>	35,631
	<u>(59,065)</u>	<u>(53,144)</u>	<b><u>(87,844)</u></b>	34,700
<b>Current Assets less Current Liabilities:</b>				
	<u>833</u>	<u>324,155</u>	<b><u>302,558</u></b>	(21,597)
<b>Total Assets less Current Liabilities:</b>				
	<u>10,281,833</u>	<u>12,189,405</u>	<b><u>12,167,808</u></b>	(21,597)
<b>Long Term Liabilities</b>				
Creditors: Long Term				
Loans	(4,222,284)	(5,690,569)	<b>(5,690,569)</b>	0
Deferred Corporation Tax	(242,186)	(242,030)	<b>(355,017)</b>	(112,987)
	<u>(4,464,470)</u>	<u>(5,932,599)</u>	<b><u>(6,045,586)</u></b>	(112,987)
<b>Total Assets less Total Liabilities:</b>				
	<u>5,817,363</u>	<u>6,256,807</u>	<b><u>6,122,222</u></b>	(134,585)
<b>Capital &amp; Reserves</b>				
Share Capital	2,515	2,515	<b>2,515</b>	0
Share Premium	4,906,236	4,906,236	<b>4,906,236</b>	0
Profit & Loss Account	908,612	1,348,056	<b>1,213,471</b>	(134,585)
	<u>5,817,363</u>	<u>6,256,807</u>	<b><u>6,122,222</u></b>	(134,585)

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**Oportunitas Limited**  
**Report and Accounts**  
**31 March 2023**

**Oportunitas Limited**  
**Report and accounts**  
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## **Oportunitas Limited Company Information**

### **Directors**

Terence William Mullard (Resigned 17 April 2023)  
Patricia Spencer Rolfe (Resigned 17 April 2023)  
Connor Andrew Mcconville (Resigned 17 April 2023)  
Peter Charles Gane (Resigned 1 June 2022)  
Ann Elizabeth Berry (Appointed 1 June 2022) (Resigned 17 April 2023)  
Andrew Blaszkowicz (Appointed 17 April 2023) (Resigned 5 July 2023)  
Gary Mark Fuller (Appointed 5 July 2023) (Resigned 7 July 2023)  
Adrian Lockwood (Appointed 5 July 2023)  
James William Butcher (Appointed 6 July 2023) (Chairman)  
Clive Goddard (Appointed 6 July 2023)  
John Spencer Wing (Appointed 11 July 2023)

### **Auditors**

Begbies Chartered Accountants and Registered Auditors  
9 Bonhill Street  
London  
EC2A 4DJ

### **Bankers**

National Westminster Bank  
Europa House  
49 Sandgate Road  
Folkestone  
Kent  
CT20 1RU

### **Registered number**

09038505

## **Oportunitas Limited**

**Registered number: 09038505**

### **Directors' Report**

The directors present their report and accounts for the year ended 31 March 2023.

#### **Principal activities**

Oportunitas Ltd was incorporated in May 2014, commenced its operations in November 2014 and is a wholly owned subsidiary of Folkestone and Hythe District Council providing housing and regeneration services.

#### **Directors**

The following persons served as directors during the year:

Terence William Mullard (Resigned 17 April 2023)  
Patricia Spencer Rolfe (Resigned 17 April 2023)  
Connor Andrew Mcconville (Resigned 17 April 2023)  
Peter Charles Gane (Resigned 1 June 2022)  
Ann Elizabeth Berry (Appointed 1 June 2022) (Resigned 17 April 2023)  
Andrew Blaszkowicz (Appointed 17 April 2023) (Resigned 5 July 2023)  
Gary Mark Fuller (Appointed 5 July 2023) (Resigned 7 July 2023)  
Adrian Lockwood (Appointed 5 July 2023)  
James William Butcher (Appointed 6 July 2023) (Chairman)  
Clive Goddard (Appointed 6 July 2023)  
John Spencer Wing (Appointed 11 July 2023)

#### **Directors' responsibilities**

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Disclosure of information to auditors**

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Oportunitas Limited**

**Registered number: 09038505**

**Directors' Report**

**Small company provisions**

This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

This report was approved by the board on 23 November 2023 and signed on its behalf.

**James Butcher**

**Director**

## **Oportunitas Limited**

### **Independent auditor's report to the member of Oportunitas Limited**

#### **Opinion**

We have audited the accounts of Oportunitas Limited (the 'company') for the year ended 31 March 2023 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit 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 Companies Act 2006.

#### **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 accounts section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out below, 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.

In accordance with the exemption provided by FRC's Ethical Standard - Provisions Available for Audits of Small Entities, we have prepared and submitted the company's returns to the tax authorities and assisted with the preparation of the accounts.

#### **Conclusions relating to going concern**

In auditing the accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the accounts 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 the company's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the directors 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 annual report other than the accounts and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we 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 accounts 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 accounts 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

## **Oportunitas Limited**

### **Independent auditor's report to the member of Oportunitas Limited**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the accounts in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

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

In preparing the accounts, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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 is detailed below:

- Agreement of the financial statement disclosure to underlying supporting documentation;
- Enquiries and confirmation of directors as to their identification of any non-compliance with laws or regulations, or any actual or potential claims;
- Incorporating unpredictability into the nature, timing and extent of testing;
- Evaluation of the selection and application of accounting policies chosen by the company;
- In relation to the risk of management override of controls, by undertaking procedures to review journal entries, assess accounting estimates and identify and verify transactions outside of the usual course of operations, and evaluating whether there was evidence of any evidence of bias that represented a risk of material misstatements due to fraud;
- An assessment of the company's financial statements to material misstatement, including how fraud might occur, by consider, by considering the key risks impacting the financial statements.

Our audit was designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentation or through collusion.

There are inherent limitations in the audit procedures performed, The further removed instances of noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the accounts is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Oportunitas Limited**  
**Independent auditor's report**  
**to the member of Oportunitas Limited**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Valentine ACA  
(Senior Statutory Auditor)

for and on behalf of

Begbies Chartered Accountants and Registered Auditors  
Statutory Auditor

..... 2023

9 Bonhill Street  
London  
EC2A 4DJ

**Oportunitas Limited**  
**Profit and Loss Account**  
**for the year ended 31 March 2023**

	<b>2023</b>	2022
	£	£
<b>Turnover</b>	<b>500,303</b>	350,667
Cost of turnover	-	(8,488)
<b>Gross profit</b>	<b>500,303</b>	342,179
Administrative expenses	<b>(209,074)</b>	(210,163)
Revaluation of investment properties	<b>369,250</b>	736,500
<b>Operating profit</b>	<b>660,479</b>	868,516
Interest payable	<b>(242,789)</b>	(208,581)
<b>Profit before taxation</b>	<b>417,690</b>	659,935
Tax on profit	<b>(112,831)</b>	(183,512)
<b>Profit for the financial year</b>	<b>304,859</b>	476,423

**Oportunitas Limited**  
**Registered number:**  
**Balance Sheet**  
**as at 31 March 2023**

**09038505**

	<b>Notes</b>	<b>2023</b> £	<b>2022</b> £
<b>Fixed assets</b>			
Tangible assets	4	<b>11,865,250</b>	10,281,000
<b>Current assets</b>			
Debtors	5	<b>36,675</b>	27,813
Cash at bank		<b>353,727</b>	32,085
		<b>390,402</b>	59,898
<b>Creditors: amounts falling due within one year</b>	6	<b>(87,844)</b>	(59,065)
<b>Net current assets</b>		<b>302,558</b>	833
<b>Total assets less current liabilities</b>		<b>12,167,808</b>	10,281,833
<b>Creditors: amounts falling due after more than one year</b>	7	<b>(5,690,569)</b>	(4,222,284)
<b>Provisions for liabilities</b>		<b>(355,017)</b>	(242,186)
<b>Net assets</b>		<b>6,122,222</b>	5,817,363
<b>Capital and reserves</b>			
Called up share capital		<b>2,515</b>	2,515
Share premium		<b>4,906,236</b>	4,906,236
Profit and loss account		<b>1,213,471</b>	908,612
<b>Shareholder's funds</b>		<b>6,122,222</b>	5,817,363

The accounts have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime. The profit and loss account has not been delivered to the Registrar of Companies.

**James Butcher**  
**Director**

Approved by the board on 23 November 2023



**Oportunitas Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 March 2023**

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2021	1,995	3,866,756	432,189	4,300,940
Profit for the financial year	-	-	476,423	476,423
Shares issued	520	1,039,480	-	1,040,000
At 31 March 2022	<u>2,515</u>	<u>4,906,236</u>	<u>908,612</u>	<u>5,817,363</u>
<b>At 1 April 2022</b>	<b>2,515</b>	<b>4,906,236</b>	<b>908,612</b>	<b>5,817,363</b>
Profit for the financial year	-	-	<b>304,859</b>	<b>304,859</b>
<b>At 31 March 2023</b>	<b><u>2,515</u></b>	<b><u>4,906,236</u></b>	<b><u>1,213,471</u></b>	<b><u>6,122,222</u></b>

**Oportunitas Limited**  
**Notes to the Accounts**  
**for the year ended 31 March 2023**

**1 Accounting policies**

***Basis of preparation***

The accounts have been prepared under the historical cost convention, as modified to include investment properties at fair value, and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by section 1A of the standard).

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

***Turnover***

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services and the rent of investment property. Turnover from rent of investment property is recognised by reference to the date rents become payable under tenancy agreements.

***Debtors***

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

***Creditors***

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

***Taxation***

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference. No current tax liability is recognised in the current or prior year but a deferred tax liability is accrued in respect of investment property revaluations.

***Provisions***

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably. The provision carried in the current and prior year account is in respect of deferred tax on property revaluations.

**2 Audit information**

The audit report is unqualified.

Senior statutory auditor:	Daniel Valentine ACA
Firm:	Begbies Chartered Accountants and Registered Auditors
Date of audit report:	..... 2023

**Oportunitas Limited**  
**Notes to the Accounts**  
**for the year ended 31 March 2023**

<b>3 Employees</b>	<b>2023</b>	2022
	<b>Number</b>	Number
Average number of persons employed by the company	<u>0</u>	<u>0</u>

The Directors of Oportunitas and the staff who support the company are the employees of the parent organisation, Folkestone and Hythe District Council.

**4 Tangible fixed assets**

	<b>Investment</b>	<b>Assets</b>	<b>Total</b>
	<b>Properties</b>	<b>under</b>	<b></b>
	<b>£</b>	<b>construction</b>	<b>£</b>
		<b>£</b>	
<b>Cost</b>			
At 1 April 2022	9,194,500	1,086,500	10,281,000
Additions	-	1,275,000	1,275,000
Surplus on revaluation	369,250	-	369,250
Disposals	(60,000)	-	(60,000)
<b>At 31 March 2023</b>	<u><b>9,503,750</b></u>	<u><b>2,361,500</b></u>	<u><b>11,865,250</b></u>
<b>Depreciation</b>			
At 31 March 2023	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>			
<b>At 31 March 2023</b>	<u><b>9,503,750</b></u>	<u><b>2,361,500</b></u>	<u><b>11,865,250</b></u>
At 31 March 2022	<u>9,194,500</u>	<u>1,086,500</u>	<u>10,281,000</u>
 Freehold land and buildings:			
		<b>2023</b>	2022
		<b>£</b>	<b>£</b>
Historical cost		<b>9,880,886</b>	8,652,506
Cumulative depreciation based on historical cost		-	-
		<u><b>9,880,886</b></u>	<u>8,652,506</u>

The investment properties were valued at 31 March 2023 by Sibley Pares, Chartered Surveyors, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued. The investment properties have been valued on the basis of open market value and using comparable property data, in accordance with the current RICS Valuation Standards by the Royal Institution of Chartered Surveyors.

In 2020 the company entered into a contract with a property developer to purchase residential accommodation on the site of the former Royal Victoria Hospital, Folkestone. The contracts became unconditional upon receipt of planning permission. Phase A was completed last year and transferred to investment properties and Phase B is included under 'Assets under construction'.

**Oportunitas Limited**  
**Notes to the Accounts**  
**for the year ended 31 March 2023**

<b>5 Debtors</b>	<b>2023</b>	2022
	£	£
Trade debtors	876	327
Other debtors	<u>35,799</u>	<u>27,486</u>
	<u><b>36,675</b></u>	<u>27,813</u>
<b>6 Creditors: amounts falling due within one year</b>	<b>2023</b>	2022
	£	£
Other loans	67,346	30,222
Trade creditors	4,800	1,548
Taxation and social security costs	329	-
Other creditors	<u>15,369</u>	<u>27,295</u>
	<u><b>87,844</b></u>	<u>59,065</u>
<b>7 Creditors: amounts falling due after one year</b>	<b>2023</b>	2022
	£	£
Other loans	<u><b>5,690,569</b></u>	<u>4,222,284</u>
<b>8 Loans</b>	<b>2023</b>	2022
	£	£
Creditors include:		
Instalments falling due for payment within one year	31,715	30,222
Instalments falling due for payment within two to five years	143,320	136,573
Instalments falling due for payment after more than five years	<u>5,547,249</u>	<u>4,085,711</u>
	<u><b>5,722,284</b></u>	<u>4,252,506</u>
Secured bank loans	<u><b>5,722,284</b></u>	<u>4,252,506</u>
Amounts payable to Folkestone and Hythe District Council are secured by fixed and floating charges over the company's properties.		
<b>9 Capital commitments</b>	<b>2023</b>	2022
	£	£
Amounts contracted for but not provided in the accounts	<u><b>938,500</b></u>	<u>2,213,500</u>

**10 Related party transactions**

The company has taken advantage of the exemption in FRS 102 whereby it has not disclosed transactions with its ultimate parent company. Such transactions were on normal commercial terms as part of the company's ongoing investment and operating activities.

**Oportunitas Limited**  
**Notes to the Accounts**  
**for the year ended 31 March 2023**

**11 Controlling party**

For the current and previous year, the company was a wholly owned subsidiary of Folkestone and Hythe District Council.

**12 Other information**

Oportunitas Limited is a private company limited by shares and incorporated in England. Its registered office is: c/o Folkestone and Hythe District Council, Castle Hill Avenue, Folkestone, CT20 2QY.

**Oportunitas Limited**  
**Detailed profit and loss account**  
**for the year ended 31 March 2023**

*This schedule does not form part of the statutory accounts*

	2023 £	2022 £
<b>Turnover</b>		
Ground maintenance income	8,146	9,968
Rental income	489,848	340,699
Other income	2,309	-
	<b>500,303</b>	<b>350,667</b>
<b>Cost of sales</b>		
Council's charge for grounds maintenance	-	8,488
<b>Administrative expenses</b>		
Employee costs:		
Recharge from Folkestone and Hythe District Council	8,591	9,721
	<b>8,591</b>	<b>9,721</b>
General administrative expenses:		
Bank charges	35	80
Insurance	22,050	15,217
Software	456	378
Repairs and maintenance	37,397	69,918
Other property costs	14,199	24,697
Bad debts	(16,880)	3
Sundry expenses	130	46
	<b>57,387</b>	<b>110,339</b>
Legal and professional costs:		
Audit fees	6,859	6,936
Consultancy fees	5,719	12,663
Property management fees	36,918	28,154
Council management fees	33,600	30,000
Other legal and professional	60,000	12,350
	<b>143,096</b>	<b>90,103</b>
	<b>209,074</b>	<b>210,163</b>
<b>Other gains</b>		
Investment property revaluations	<b>369,250</b>	<b>736,500</b>

## **Oportunitas Board Meeting 23 November 2023**

### **Oportunitas Limited – Financial Update for 2023/24**

**Prepared by Dani Loxton**

**Summary:** This paper provides an update of the company's financial position for the financial year ending 31 March 2024, based on income and expenditure to 31 October 2023, including the latest projected outturn for its trading activities. It also summarises the capital expenditure incurred to date on the Royal Victoria Hospital project and the funding used towards this and considers the impact to the delay on Phase 2 of the scheme.

#### **Recommendations:**

- 1) The Board note the latest financial position for 2023/24 outlined in this paper.**

#### **1. Introduction and Background**

- 1.1 This paper provides an update to the Board of the company's financial position for the financial year ending 31 March 2024, based on income and expenditure to 31 October 2023. It provides the latest projected outturn for the company's trading activities compared to the approved business plan for the year and explains the key variances. The paper summarises the capital expenditure incurred to date on the Royal Victoria Hospital (RVH) project and the funding used towards this.

#### **2. Profit and Loss Account Projected Outturn 2023/24**

- 2.1 The table below provides an initial projection of the outturn position of the company's trading activities for the financial year to 31 March 2024, compared to the approved business plan forecast and the previous projection for the year reported to the Board on 22 September 2023.

Profit and Loss Account	2023/24	2023/24	2023/24	2023/24
		<i>Previous Projected Outturn</i>	<i>Latest Projected Outturn</i>	<b>Variance Budget to Latest Projection</b>
	<b>Budget</b>			
	£		£	£
<b>Property Rental</b>				
Rental Income	562,830	616,150	594,825	31,995
Rental Expenses	(187,128)	(155,052)	(177,168)	9,960
Special Item - Stock Condition Survey	(20,000)	(20,000)	(20,000)	0
Special Item - Major External Repairs & Redecorations	(32,150)	(32,150)	(32,150)	0
Net	323,552	408,948	365,507	41,955
<b>Grounds Maintenance</b>				
Income	10,167	10,167	10,167	0
Expenses	(8,134)	(8,134)	(8,134)	0
Net	2,033	2,033	2,033	0
<b>Overheads</b>				
Directors Remuneration	(11,878)	(11,878)	(11,878)	0
FHDC Officer Support	(28,560)	(28,560)	(28,560)	0
Operating Expenses	(27,409)	(27,409)	(27,409)	0
Total Overheads	(67,847)	(67,847)	(67,847)	0
<b>Loan Interest</b>	(308,748)	(308,748)	(205,665)	103,083
<b>P &amp; L Operating Surplus / (Deficit) for period</b>	<b>(51,010)</b>	<b>34,387</b>	<b>94,029</b>	<b>145,038</b>
P & L Operating Loss b/f	(348,000)	(348,000)	(348,000)	0
<b>P &amp; L Operating Loss c/f</b>	<b>(399,010)</b>	<b>(313,613)</b>	<b>(253,971)</b>	<b>145,038</b>

2.2 The projected outturn shows an operating profit of £94k for the year, an improvement of £145k compared to the loss of almost £51k in the business plan. The main reasons for this variance are outlined below:

**Variances 2023/24 Business Plan to Projected Outturn** £'000

- i) **Rental Income** – improved rental income from RVH2 flats. 32
- ii) **Housing Rental Expenses** – Net reduction is mainly due to a reduction in expenditure on general repairs and maintenance of the housing stock. 10
- iii) **Loan Interest Saving** – due to the delay in completing RVH 2 the loan repayments will now begin in 24/25. 103

**Total increase in operating profit compared to business plan**

**145**



- 2.4 The company's accumulated operating loss is forecast to decrease by £145k to £254k at 31 March 2024. The Board is reminded that this loss excludes unrealised valuation gains on the company's property portfolio which provisionally stands at £1,997k after tax at 31 March 2023. A further revaluation of the company's property portfolio will be undertaken at 31 March 2024.

### 3 Royal Victoria Hospital (RVH) Development

- 3.1 The table below summarises the latest position for capital expenditure incurred on the RVH development:

	Phase 1	Phase 2	Contract Total	SDLT	Total
	£m	£m	£m	£m	£m
Agreed Sale Price	3.150	3.300	6.450	0.250	6.700
Paid to date	3.150	3.300	6.450	0.211	6.661
Balance	-	-	-	0.039	0.039

- 3.2 The funding of the capital expenditure incurred to date has been met from the proceeds of the Council's additional equity investment of £4.43m in the company and £2.1m of the agreed loan facility of £2.47m. Phase 2 of the RVH development completed on the 29 September 2023. The remainder of the loan facility will be drawn down by 31 March 2023. Interest will accrue on this loan and become payable from 1 April 2024.

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