

This Report will be made public on 8 October 2024



Report Number **C/24/40**

To: Cabinet
Date: 16 October 2024
Status: Non-Key Decision
Director: Andy Blaszkwicz, Corporate Director – Housing & Operations
Oportunitas Chair: Councillor James Butcher

SUBJECT: OPORTUNITAS PROGRESS REPORT 2023/24 – To 31 March 2024

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 2024 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/24/40.
2. To note the provisional financial outturn for Oportunitas Ltd for the period from 1 April 2023 to 31 March 2024.

1. BACKGROUND

- 1.1 The report sets out the company's provisional financial outturn position for the year ending 31 March 2024 and 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 75 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
8A Radnor Park Avenue, Folkestone (RVH Phase 2)	19	18 x 2 bed units 1 x 1 bed unit
Total	76	

- 2.2 The property portfolio has been revalued as of 31 March 2024 resulting in a rise from £9.5m to £13.7m, an increase of £4.2m. The average valuation increase of the properties over the past year is 6.7. A schedule of the latest valuations for the company's property portfolio is shown in appendix 1 to this report.
- 2.3 Three units are currently untenanted. Flat 1, 82 Leybourne Road and Flat 3, 82 Sidney Street are currently being redecorated ready to be re-let. A tenant is currently being referenced for Flat 4, 19 Castle Hill Avenue and should be occupied by the end of July.
- 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 June 2024 position of the register identifies no compliance issues within the portfolio.

2.5 Rental Arrears

2.5.1 Tenants rent arrears has decreased over the past year from £29.5k to £21.6k as of 31 March 2024. £13k is for sums owing for more than one month. £2k has previously been set-a-side as a bad debts provision for rents and this remains reasonable cover for the level of rent arrears as of 31 March 2024. The is reduction compared to 22/23 of £7.9k mainly due to the recovery of £6.2k of rent arrears from a former tenant's guarantor.

2.5.2 As of 31 March 2024 there were six cases where tenants have rent arrears of more than one month, including one former tenant. 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. Legal action is being taken for one tenant who vacated the property without notice.

Additionally, 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 any individual tenants in arrears.

2.6 Royal Victoria Hospital Development

2.6.1 Phase two of the RVH development completed in Autumn 2023. At the 31 March 2024 the company has paid £3.3m in staged payments to the contractor, RVH Folkestone Limited, towards Phase 2 of the development.

2.6.2 The development completed in October 2023 and by December 2023 all the flats had been let.

3. PROVISIONAL FINANCIAL OUTTURN FOR 2023/24

3.1 The company's provisional financial outturn for the year ending 31 March 2024, including a commentary on the accounts, was reported to the Board on 22 July 2024 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 £789k including the unrealised property valuation gain of £923k
- ii) Excluding the valuation gain, an operating profit of £51k has been made which is £101k more than the budget for the year.
- iii) Majority of turnover is from residential property lettings
- iv) 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 £13.7m
- ii) £3.3m paid towards the phase two acquisition of a further 19 units at the RVH scheme
- iii) The Council has loaned Oportunitas a further £0.72m to support the RVH acquisition. This has increased the loan from £5.72m to £6.44m

3.4 **Shareholder Benefit** – The gross shareholder benefit to the Council from its interest in the company during 2023/24 was £333k. The Council has used prudential borrowing to fund the equity investment and the loan to the company. This has incurred a capital financing cost estimated to be £495k resulting in a cost to the Council of £162k. This is due to the increased cost of borrowing in the last couple of years to an average of 4-5%

4. **LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

4.1 **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.

4.2 **Finance (DL)** – This report has been prepared in conjunction with Financial Services and there are no further comments to add.

4.3 **Diversities and Equalities (GE)** – There are no diversity or equalities implications arising from this report.

4.4 **Communications (DK)** - There are no communications implications arising from this report.

4.5 **Climate Change (OF)** - There are no climate change implications arising from this report.

5. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

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Appendices

Appendix 1: Oportunitas Property Portfolio Valuation Schedule 31 March 2024

Appendix 2: Oportunitas Limited Financial Outturn 2023/24 (subject to audit)

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Appendix 3 - Oportunitas Limited Property Portfolio at 31 March 2024

ITEM NUMBER	ASSET REFERENCE	PROPERTY ADDRESS	DESCRIPTION	PREVIOUS VALUATION 31/03/2023	VALUATION AT 31/03/2024
1	AR0001	Flat 1, 2 Walter Tull Way, Folkestone	1 bed flat	£172,000	£166,350
2	AR0002	Flat 2, 2 Walter Tull Way, Folkestone	1 bed flat	£180,000	£174,000
3	AR0003	4 Walter Tull Way, Folkestone	2 bed house	£283,500	£283,500
4	AR0004	6 Watler Tull Way, Folkestone	2 bed house	£283,500	£283,500
5	AR0005	16 Walter Tull Way, Folkestone	3 bed house	£315,000	£315,000
6	AR0006	2 Grove Terrace, Folkestone	4 bed house	£275,000	£275,000
7	AR0007.1	Flat 1, 15 Grace Hill, Folkestone	1 bed flat	£128,500	£124,250
8	AR0007.2	Flat 2, 15 Grace Hill, Folkestone	1 bed flat	£119,500	£115,500
9	AR0007.3	Flat 3, 15 Grace Hill, Folkestone	1 bed flat	£123,750	£119,700
10	AR0007.4	Flat 4, 15 Grace Hill, Folkestone	1 bed flat	£117,000	£113,150
11	AR0007.5	Flat 5, 15 Grace Hill, Folkestone	1 bed flat	£117,000	£113,150
12	AR0007.6	Commercial Unit, 15 Grace Hill	Office space	£81,000	£45,000
13	AR0008.1	Flat 1, 82 Leyburne Road, Dover	2 bed flat	£119,000	£111,850
14	AR0008.2	Flat 2, 82 Leyburne Road, Dover	2 bed flat	£138,750	£132,300
15	AR0008.3	Flat 3, 82 Leyburne Road, Dover	2 bed flat	£140,750	£132,300
16	AR0008.4	Flat 4, 82 Leyburne Road, Dover	2 bed flat	£132,750	£124,750
17	AR0009.1	Flat 1, 84 Leyburne Road, Dover	2 bed flat	£119,000	£111,850
18	AR0009.2	Flat 2, 84 Leyburne Road, Dover	2 bed flat	£138,750	£130,400
19	AR0009.3	Flat 3 84 Leyburne Road, Dover	2 bed flat	£140,750	£132,300
20	AR0009.4	Flat 4, 84 Leyburne Road, Dover	2 bed flat	£132,750	£124,750
21	AR0010.1	Flat 1, 19 Castle Hill Avenue, Folkestone	1 bed flat	£167,000	£161,500
22	AR0010.2	Flat 2, 19 Castle Hill Avenue, Folkestone	1 bed flat	£180,000	£174,000
23	AR0010.3	Flat 3, 19 Castle Hill Avenue, Folkestone	2 bed flat	£210,000	£203,000
24	AR0010.4	Flat 4, 19 Castle Hill Avenue, Folkestone	1 bed flat	£172,500	£166,800
25	AR0010.5	Flat 5, 19 Castle Hill Avenue, Folkestone	1 bed flat	£167,000	£161,500
26	AR0010.6	Flat 6, 19 Castle Hill Avenue, Folkestone	1 bed flat	£167,000	£161,500
27	AR0010.7	Flat 7, 19 Castle Hill Avenue, Folkestone	1 bed flat	£153,000	£148,000
28	AR0010.8	Flat 8, 19 Castle Hill Avenue, Folkestone	1 bed flat	£153,000	£148,000
29	AR0010.9	Flat 9, 19 Castle Hill Avenue, Folkestone	1 bed flat	£145,500	£140,750
30	AR0010.10	Flat 10, 19 Castle Hill Avenue, Folkestone	1 bed flat	£147,000	£142,000
31	AR0011.1	Flat 1, 84 Sidney Street, Folkestone	2 bed flat	£103,000	£99,500
32	AR0011.2	Flat 2, 84 Sidney Street, Folkestone	1 bed flat	£122,000	£118,000
33	AR0011.3	Flat 3, 84 Sidney Street, Folkestone	1 bed flat	£122,000	£118,000
34	AR0011.4	Flat 4, 84 Sidney Street, Folkestone	1 bed flat	£143,000	£138,300
35	AR0012.1	Flat 1, 1 Claremont Road, Folkestone	1 bed flat	£106,500	£103,000

Appendix 3 - Oportunitas Limited Property Portfolio at 31 March 2024

ITEM NUMBER	ASSET REFERENCE	PROPERTY ADDRESS	DESCRIPTION	PREVIOUS VALUATION 31/03/2023	VALUATION AT 31/03/2024
36	AR0012.2	Flat 2, 1 Claremont Road, Folkestone	1 bed flat	£117,000	£113,150
37	AR0012.3	Flat 3, 1 Claremont Road, Folkestone	1 bed flat	£122,000	£112,400
38	AR0012.4	Flat 4, 1 Claremont Road, Folkestone	1 bed flat	£117,000	£113,150
39	AR0012.5	Flat 1a, 1 Claremont Road, Folkestone (formerly Flat 5)	1 bed flat	£126,500	£122,350
40	AR013.1	Flat 1, 10 Radnor Park Avenue, Folkestone	2 bed flat	£207,500	£200,500
41	AR013.2	Flat 2, 10 Radnor Park Avenue, Folkestone	2 bed flat	£203,500	£196,800
42	AR013.3	Flat 3, 10 Radnor Park Avenue, Folkestone	2 bed flat	£192,500	£186,150
43	AR013.4	Flat 4, 10 Radnor Park Avenue, Folkestone	2 bed flat	£192,500	£186,150
44	AR013.5	Flat 5, 10 Radnor Park Avenue, Folkestone	2 bed flat	£192,500	£186,150
45	AR013.6	Flat 6, 10 Radnor Park Avenue, Folkestone	2 bed flat	£198,000	£191,500
46	AR013.7	Flat 7, 10 Radnor Park Avenue, Folkestone	2 bed flat	£198,000	£191,500
47	AR013.8	Flat 8, 10 Radnor Park Avenue, Folkestone	2 bed flat	£235,000	£227,250
48	AR013.9	Flat 9, 10 Radnor Park Avenue, Folkestone	2 bed flat	£235,000	£227,250
49	AR013.10	Flat 10, 10 Radnor Park Avenue, Folkestone	2 bed flat	£192,500	£186,150
50	AR013.11	Flat 11, 10 Radnor Park Avenue, Folkestone	2 bed flat	£192,500	£186,150
51	AR013.12	Flat 12, 10 Radnor Park Avenue, Folkestone	2 bed flat	£210,000	£203,000
52	AR013.13	Flat 13, 10 Radnor Park Avenue, Folkestone	1 bed flat	£176,000	£170,250
53	AR013.14	Flat 14, 10 Radnor Park Avenue, Folkestone	2 bed flat	£210,000	£203,000
54	AR013.15	Flat 15, 10 Radnor Park Avenue, Folkestone	1 bed flat	£154,000	£148,950
55	AR013.16	Flat 16, 10 Radnor Park Avenue, Folkestone	1 bed flat	£154,000	£148,950
56	AR013.17	Flat 17, 10 Radnor Park Avenue, Folkestone	2 bed flat	£180,500	£174,500
57	AR013.18	Flat 18, 10 Radnor Park Avenue, Folkestone	2 bed flat	£180,500	£174,500
58	AR014.01	Flat 1, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,688	£237,500
59	AR014.02	Flat 2, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£230,000
60	AR014.03	Flat 3, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£230,000
61	AR014.04	Flat 4, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£230,000
62	AR014.05	Flat 5, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£237,500
63	AR014.06	Flat 6, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£247,500
64	AR014.07	Flat 7, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£234,500
65	AR014.08	Flat 8, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£241,500
66	AR014.09	Flat 9, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£241,500
67	AR014.10	Flat 10, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£230,000
68	AR014.11	Flat 11, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£253,000
69	AR014.12	Flat 12, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£241,500
70	AR014.13	Flat 13, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£247,500

Appendix 3 - Oportunitas Limited Property Portfolio at 31 March 2024

ITEM NUMBER	ASSET REFERENCE	PROPERTY ADDRESS	DESCRIPTION	PREVIOUS VALUATION 31/03/2023	VALUATION AT 31/03/2024
71	AR014.14	Flat 14, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£247,500
72	AR014.15	Flat 15, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£257,500
73	AR014.16	Flat 16, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£257,500
74	AR014.17	Flat 17, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£247,500
75	AR014.18	Flat 18, 8A Radnor Park Avenue, Folkestone	2 bed flat	£173,684	£247,500
76	AR014.19	Flat 19, 8A Radnor Park Avenue, Folkestone	1 bed flat	£173,684	£205,000

Total	£12,803,750	£13,726,700
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Valuation Gain	£922,950
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Oportunitas Board Meeting 22 July 2024**Oportunitas Limited – Financial Outturn 2023/24 (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 2024. 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 2024 (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 2024. The Profit and Loss Account and the Balance Sheet are subject to an independent Audit.

1.2 The table below shows the Oportunitas financial dashboard that track all relevant finance KPIs, within the investment property portfolio, income, profit and loss account, balance sheet, shareholder benefits, etc., summarising the actual performance against targets, costs, overhead and expenses incurred as at the end of 31 March 2024

Oportunitas Ltd – Company Dashboard

Investment property portfolio	2022/23	2023/24	Direction	Income	2022/23	2023/24	Direction
Current number of units	56	76	↑	Housing Rental Income	£489.8k	£565.2k	↑
Current portfolio value	£9.5M	£13.7m	↑	Other Rental Income	£2.3k	£0	↓
Current rent arrears	£29.5K	£21.6k	↑	Grounds Maintenance income	£8.1k	£9.2k	↑

Profit and loss account	2022/23	2023/24	Direction	Shareholder Benefit	2022/23	2023/24	Direction
Profit before tax	£417.6K	£973.6k	↑	Total Shareholder benefit return	(£339.5k)	(£332.7k)	↓
Profit after tax	£304.8k	£788.6k	↑	Staffing Costs	(£33.6k)	(£34.2k)	↓
Unrealised property valuation gain	£369.2K	£922.5k	↑	Members allowances	(£8.5k)	(£8.1k)	↑
Profit and Loss Reserve	£1.21m	£2m	↑	Loan Repayments	(£30.2k)	(£31.7k)	↓

Balance Sheet	2022/23	2023/24	Direction	Loans/Debtors	2022/23	2023/24	Direction
Fixed Assets	£11.8m	£13.7m	↑	Loans (principal due within 12 months)	(£67.3k)	(£47.4k)	↑
Current Assets	£390.4k	£104.3k	↓	Loans (long term liabilities)	(£5.69m)	(£6.26m)	↓
Current Liabilities	(£87.8k)	(£98.1k)	↓	Total Debtors – Others	£24.7k	£36.7k	↓

Key:	↑ Improved Performance	↓ Worsening Performance	▬ No change in performance
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1.3 The Board will be separately asked to consider and approve the audited accounts for the year ending 31 March 2024 later this year.

2. Profit and Loss Account 2023/24

2.1 The Profit and Loss Account for the year ending 31 March 2024 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 7 March 2024 and comparative information for the previous financial year.

2.2 The company has made a profit after tax of £789k including an unrealised valuation gain of £923k on its property portfolio. The average valuation increase of the properties over the past year is 6.7%. A summarised list of the property valuations as at 31 March 2024 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 £51k for the financial year. An operating loss was originally forecast, the reason for the profit is due to the stock condition survey being postponed until 24/25 and expenditure on repairs and maintenance being less than originally budgeted. This is about £29k more than the previous projected outturn position reported to the Board on 7 March 2024. The company profit and loss account operating variance/surplus of £101k (table below), were due to the increase in the operating profit of £51k compared to the original forecast are summarised in the table below:

	£'000
i) Increase in rents due to the completion of phase 2 of the RVH site	22
ii) Reduction in bad debts provision	(17)
iii) Lower than budgeted voids	(20)
iv) Lower than budgeted operating costs	(12)
v) Stock condition survey reprofiled to future years	(20)
vi) Reduction in loan interest due to FHDC	(50)
vii) Other minor changes	(4)
Net increase	<u>(101)</u>

2.4 The majority of the company's turnover of £574k has been from its residential property lettings activity (£565k). This is an increase of £74k compared to the turnover of £500k for the previous year and is mainly due to the additional rental stream from the second phase of the RVH scheme.

2.5 As of 31 March 2024, the company is owed £21.6k in rent arrears of which £13k is for sums owing for more than one month. The existing bad debts provision of £2k is seen as reasonable cover for this meaning no additional charge has been made in the year. This is reduction in arrears compared to 22/23 of £7.9k mainly due to the recovery of £6.2k of rent arrears from a former tenant's guarantor.

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 Now that Phase two of the RVH scheme has completed, a financial review of the company has been undertaken to investigate the financial sustainability of the company over the medium term and continue to provide a return to the Council.

3. Balance Sheet at 31 March 2024

- 3.1 The Balance Sheet for the year ending 31 March 2024 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:

Investment Assets - The value of the company's property portfolio of 75 residential units and 1 commercial unit has increased to £13.7m. This includes the new properties for phase 2 of the RVH scheme that were completed in October 23.

The Profit and Loss Reserve is analysed as follows:

	£'000
i) Cumulative property valuation gain	2,920
ii) Cumulative deferred Corporation Tax	(540)
iii) Cumulative operating loss	(378)
Profit and Loss Reserve	2,002

4. Shareholder Benefit

4.1 The gross shareholder benefit to the Council from Oportunitas for 2023/24, with comparative information for 2022/23, is shown in the table below:

	2022/23	2023/24
	Actual	Actual
	£	£
Interest received	(207,158)	(258,606)
Cost reimbursement		
Staff Cost	(33,600)	(34,272)
Members Allowances	(8,591)	(8,141)
Sale Proceeds	(60,000)	
Loan repayments	<u>(30,222)</u>	<u>(31,715)</u>
Total Return	<u>(339,571)</u>	<u>(332,734)</u>

Appendix 1

Opportunitas Limited Profit and Loss Account for Year Ending 31 March 2024

	<i>Outturn</i>	Original Budget	Previous Projected Outturn	Final Outturn	Variance Original Budget to Provisional Outturn 2023/24
<u>Trading Account</u>	2023/23	2023/24	2023/24	2023/24	
	£	£	£	£	£
Housing Rental					
Rental Income	489,848	562,830	579,627	565,208	2,378
Other Income	2,309	0	0	0	0
Rental Expenses	(110,104)	(187,128)	(182,149)	(160,057)	27,071
Special Item - Stock Condition Survey	0	(20,000)	0	0	20,000
Special Item - Major External Repairs	0	(32,150)	0	(25,200)	6,950
Net	382,053	323,552	397,478	379,951	56,399
Grounds Maintenance					
Income	8,146	10,167	10,167	9,242	(925)
Expenses	0	(8,134)	(8,134)	0	8,134
Net	8,146	2,033	2,033	9,242	7,209
Overheads					
Directors Remuneration	(8,591)	(11,878)	(8,980)	(8,141)	3,738
FHDC Officer Support	(33,600)	(28,560)	(28,560)	(34,272)	(5,712)
Operating Expenses	(56,779)	(27,409)	(47,410)	(37,449)	(10,041)
Total Overheads	(98,970)	(67,847)	(84,950)	(79,862)	(12,015)
Loan Interest	(242,788)	(308,748)	(293,049)	(258,606)	50,143
Operating Surplus / (Deficit) for period	48,441	(51,010)	21,512	50,725	101,735
Unrealised Property Valuation Gain	369,250	0	0	922,950	922,950
Profit before Tax	417,691	(51,010)	21,512	973,675	1,024,685
Deferred Tax on Profit	(112,831)	0	0	(184,998)	(184,998)
Profit after Tax	304,860	(51,010)	21,512	788,677	839,687

Appendix 2

Oportunitas Limited - Balance Sheet 31 March 2024 (Subject to Audit)

	31/03/2023 <i>Outturn</i> £	31/03/2024 Outturn £
Fixed Assets		
Investment Assets	9,503,750	13,726,700
Investment Assets Under Construction	2,361,500	0
	<u>11,865,250</u>	<u>13,726,700</u>
Current Assets		
Debtors - Other	36,675	36,436
VAT Reimbursement	0	0
Bank Account	353,727	67,953
	<u>390,402</u>	<u>104,389</u>
Current Liabilities		
Creditors: Short Term	(20,498)	(50,708)
VAT Liability	0	0
Loans (principal due within 12 months)	(67,346)	(47,470)
	<u>(87,844)</u>	<u>(98,177)</u>
Current Assets less Current Liabilities:	<u>302,558</u>	<u>6,212</u>
Total Assets less Current Liabilities:	<u>12,167,808</u>	<u>13,732,912</u>
Long Term Liabilities		
Creditors: Long Term		
Loans	(5,690,569)	(6,267,540)
Deferred Corporation Tax	(355,017)	(553,715)
	<u>(6,045,586)</u>	<u>(6,821,255)</u>
Total Assets less Total Liabilities:	<u>6,122,222</u>	<u>6,911,657</u>
Capital & Reserves		
Share Capital	2,515	2,515
Share Premium	4,906,236	4,906,236
Profit & Loss Account	1,213,471	2,002,905
	<u>6,122,222</u>	<u>6,911,657</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 2023	9,503,750
Assets under Construction Complete 23/24	3,300,000
Valuation Gains 2023/24	922,950
Portfolio value at 31 March 2024	<u>13,726,700</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 £3,300,000 has been paid towards the acquisition at 31 March 2024. The scheme completed in October 2023 and ownership of the units was transferred to the company.

3. Debtors - Others

	31 March 2023 £	31 March 2024 £
Tenants - Gross Rent Arrears	23,951	16,105
Less Bad Debt Provision	(18,880)	(2,000)
Tenants - Net Rent Arrears	<u>5,071</u>	<u>14,105</u>
Rent Cash Due from Agents	5,561	5,542
Net Rent Arrears	<u>10,632</u>	<u>19,647</u>
Prepayments & Other Debtors	14,106	17,131
Total Debtors - Others	<u>24,739</u>	<u>36,778</u>

4. Creditors (Short Term)

	31 March 2023 £	31 March 2024 £
Trade Creditors	21,428	47,146
Total Creditors	<u>21,428</u>	<u>47,146</u>

5. Loans

The Council has a loan agreement with the Company to support the acquisition of property and provide a working capital facility for short term cash flow requirements. The movement in loans over the year is summarised below

	Housing Acquisition Loan £'000	Working Capital Loan £'000	Total Loans £'000
Balance 31 March 2023	(5,723)	-	(5,723)
Advances	(727)	-	(727)
Repayments	32	-	32
Balance 31 March 2024	<u>(6,418)</u>	<u>-</u>	<u>(6,418)</u>

	Housing Acquisition Loan	Working Capital Loan	Total Loans
Due less 12 months	47		
Due long term	6,371		
Total	<u>6,418</u>		

6. Share Capital and Share Premium

The Council has increased its investment in the Company during 2023/24 by £0.7m. This is part of an agreed investment package 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	(429)	(355)	1,997	1,213
Movement 2023/24	51	(185)	923	789
Balance C/F	<u>(378)</u>	<u>(540)</u>	<u>2,920</u>	<u>2,002</u>

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