



Report Number **C/24/47**

To: Cabinet
Date: 13 November 2024
Status: Non-Key Decision
Director: Andy Blaszkowicz, Corporate Director – Housing & Operations
Oportunitas Chair: Councillor James Butcher

SUBJECT: OPORTUNITAS – 23/24 FULL STATEMENT OF ACCOUNTS AND Q2 PROGRESS REPORT 24/25 TO 30 SEPTEMBER 2024

SUMMARY: This report outlines the company’s audited Statement of Accounts for the financial year ending 31 March 2024 and provides an update from the Board of Oportunitas Ltd (“the company”) on activities undertaken during the first two quarters for the 2024/25 financial year, including a projected outturn for the profit and loss account for the period to 31 March 2025 compared to the original forecast, based on activity to 30 September 2024. 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/24/47.
2. To note the Full Statement of Accounts and Directors’ Report for the financial year ending 31 March 2024.
3. To note the latest projected outturn for the Profit and Loss Account of Oportunitas Limited for the financial year ending 31 March 2025.

1. BACKGROUND

- 1.1 The report sets out the company's audited Statement of Accounts for the financial year ending 31 March 2024 and outlines the changes from the provisional outturn position reported to Cabinet on 16 October 2024.
- 1.2 The report also provides a financial update for the first two quarters of the current year including the latest projected outturn for the company's profit and loss account for the financial year ending 31 March 2025 compared to the original forecast for the year which was set as part of the current approved Business Plan.

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
Total	76	

- 2.1.2 All existing residential properties are currently tenanted with the exception of two units at Leyburne Road in Dover and one unit at Walter Tull Way; at the time of writing this report they are in the process of being prepared to let and will be marketed shortly. The company uses Smith Woolley as its main managing agent for the property portfolio. Where vacancies have occurred, the company's agents have worked hard to minimise void periods. Management of all the assets within the company continue to be kept under regular review.

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 managing agents and then shared with the Board members each month. The September 2024 position of the register identifies no compliance issues within the portfolio.

2.2 Rental Arrears

2.2.1 At 31 August 2024 the property portfolio has aged tenant rental arrears of £14k for its property portfolio, a slight increase of £1k compared to the previously reported total of £13k at 31 March 2024.

2.2.2 There are five tenants with rental arrears of one month or more as at 31 August 2024 and the managing agent is working closely with those tenants to actively reduce this. A large proportion (£11.5k) of these arrears relates to two tenancies; i) one tenant is currently paying their basic monthly rent and making additional payments towards their arrears through a debt management plan, ii) the second tenant vacated the property in September 2023 following legal action to evict them and take back possession of the property. The debt position continues to be closely monitored for all arrears; action may be taken by the company using the Council's Legal Services team, in conjunction with the managing agents, in accordance with the company's Debt Management Policy.

2.3 Royal Victoria Hospital (RVH)

2.3.1 Phase two of the RVH development completed in Autumn 2023. All of the properties are currently let.

2.4 Financial Review of the Company

2.4.1 As part of the financial review, undertaken in 23/24 it was proposed that the company's loans were refinanced with a higher rate of interest charged to represent the current market rate (from 4.88% to 6.88%).

The loans will be repaid with a discount applied (representing fair value) therefore the total of the new loan will be £5.1m which is a reduction of £1.3m compared with the previous arrangement. This will improve the return to the shareholder as the company will be paying a higher interest rate.

3. FINANCIAL OUTTURN TO 31 MARCH 2024

3.1 The company's provisional financial outturn for the year ending 31 March 2024, subject to Audit, was considered by Cabinet on 16 October 2024. The Board considered and approved the company's audited statement of accounts at its meeting on 17 October 2024. 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 2024 are shown in appendices 1 and 2 respectively to this report.

3.2 Profit and Loss Account for Year Ending 31 March 2024

	Previous Projected Outturn 2023/24 £	Final Outturn 2023/24 £	Variance Final Outturn to Previous £
Housing Rental			
Rental Income	565,208	587,484	22,276
Rental Expenses	(160,057)	(174,917)	(14,859)
Special Item - Major External Repairs	(25,200)	(25,200)	0
Net	379,951	387,367	7,416
Grounds Maintenance			
Income	9,242	8,650	(592)
Expenses	0	(13,500)	(13,500)
Net	9,242	(4,850)	(14,092)
Overheads			
Directors Remuneration	(8,141)	(8,141)	0
FHDC Officer Support	(34,272)	(34,857)	(585)
Operating Expenses	(37,449)	(49,443)	(11,993)
Total Overheads	(79,862)	(92,440)	(12,578)
Loan Interest	(258,606)	(294,237)	(35,631)
Operating Surplus / (Deficit) for period	50,725	(4,160)	(54,885)
Unrealised Property Valuation Gain	922,950	778,410	(144,540)
Profit before Tax	973,675	774,250	(199,425)
Deferred Tax on Profit	(184,241)	(197,247)	(13,006)
Profit after Tax	789,434	577,003	(212,431)

3.3 The main variances to the audited outturn compared to the provisional position reported in October are outlined below.

Adjustment	Amount (£)
i) An increase in income	22,276
ii) Increased deferred Corporation Tax liability applicable for the year	(13,006)
iii) Accrued loan interest	(35,631)

iv)	An increase in operating expenses	(26,670)
v)	An increase in rental expenses	(14,859)
vi)	Reduction in property valuation	(144,540)
	Total adjustment	(212,431)

3.4 Further information regarding these changes is contained in **appendix 1**.

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

3.6 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 2024/25

4.1 The company’s latest financial update for 2024/25 was reported to the Board on 17 October 2024 and a copy is shown in **appendix 4** to the report (appendix 3 – Q1 – is reported for your information but superseded by the Q2 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 2025.

4.2 In summary, the company’s profit and loss account is projected to make an operating profit of approximately £902k for the year, an increase of £26k compared to the original forecast operating profit of £876k. The increase is due largely to the reduction in loan interest due. The operating profit also takes into account the one-off loan discount of £1.3m which has been applied to the accounts.

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 latest projected net financial benefit to the Council from the company in 2024/25 compared to the original estimate is shown in the table below:

	Original Estimate 2024/25 £'000	Projection 2024/25 £'000
Loan interest	368	352
Loan repayments	19	21
Staff costs - reimbursement	29	29
Members Allowances - reimbursement	12	12
Grounds Maintenance recharge	8	8
Total Benefit	436	422
Less, FHDC capital financing cost	(550)	(550)
Net Financial Benefit/(Deficit)	(114)	(128)

- 4.5 The total benefit to the council has reduced by £14k, due to the interest that will be paid on the loan being less than budgeted for as the loan amount has reduced slightly. Once the financing costs to the council are deducted the net position is a deficit although this is reducing year on year through the business plan period.
- 4.6 It should be noted that the cumulative benefit to the council from the company is projected to be £1,790k plus any profit/loss at the end of 24/25 (balance sheet – profit and loss account).

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, Principal Accountant (Capital and Treasury)
Telephone: 01303 85 3583
Email: daniella.loxton@folkestone-hythe.gov.uk

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

Appendices:

Appendix 1: Oportunitas Ltd Board Meeting 17 October 2024 – Board Paper
Oportunitas Ltd Audited Statement of Accounts to 31 March 2024

Appendix 2: Oportunitas Ltd Statement of Accounts and Directors' Report for the
financial year ending 31 March 2024

Appendix 3: Oportunitas Ltd Board Meeting 17 October 2024 - Financial Update
Report for 2024/25 Q1

Appendix 4: Oportunitas Ltd Board Meeting 17 October 2024 - Financial Update
Report for 2024/25 Q2

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Oportunitas Board Meeting 17 October 2024

Oportunitas Limited – Audited Statement of Accounts to 31 March 2024

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 2024 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 2024 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 July 2024 the Board considered and noted the company’s provisional outturn financial position for the year ending 31 March 2024, 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 2024. 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 Chair 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 2024

- 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 July 2024.

2.1.1 **Profit and Loss Account** – Appendix 1 shows the profit after tax is £577,003, a decrease of £212,431 compared to the provisional figure of £789,434. The reasons for this decrease summarised below:

Adjustment	Amount (£)
i) An increase in income	22,276
ii) Increased deferred Corporation Tax liability applicable for the year	(13,006)
iii) Accrued loan interest	(35,631)
iv) An increase in operating expenses	(26,670)
v) An increase in rental expenses	(14,859)
vi) Reduction in property valuation	(144,540)
Total adjustment	<u>(212,431)</u>

2.1.2 The increase in income is due to a revision of the debtors applicable for March 2024.

2.1.3 The amount of deferred Corporation Tax liability included in the provisional outturn was an estimate and has been revised based on the final audited outturn.

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 increase in operating and rental expenses is due to invoices relating to 23/24 not being received before the provisional outturn was produced and adding in an additional £13,500 provision for grounds maintenance charges.

2.1.6 The reduction in the property valuation is due to the capitalisation of Stamp Duty Land Tax of £99k and a revision to the valuations by the valuer which resulted in some of the properties values decreasing.

2.1.7 **Balance Sheet** – Appendix 2 shows the value of the company's net assets is £6,699,225, a decrease of £212,431 compared to the provisional outturn figure of £6,911,656. The decrease mirrors the adjustment for the company's decrease in its profit after tax and is represented in the Profit and Loss Account Reserve shown on the Balance Sheet.

3 Audit Opinion

3.1 It is pleasing to note the Auditor has given an unqualified opinion of the accounts of the company for the year ending 31 March 2024. The full opinion is shown on page 4 of the Full Statement of Accounts and Directors Report document.

3.2 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. Therefore a provision has been made of £13,500 for the charges still to be invoiced for 22/23 and 23/24.

Appendix 1

Post-Audit Profit and Loss Account for Year Ending 31 March 2024

	2022/23	2023/24	2023/24	2023/24
	<i>Outturn</i>	Provisional Outturn	Outturn	Variance
	£	£	£	£
Housing Rental				
Rental Income	489,848	565,208	587,484	(22,276)
Other income	2,309	0	0	0
Rental Expenses	(110,104)	(160,057)	(174,917)	14,859
Major External Repair		(25,200)	(25,200)	
Net	<u>382,053</u>	<u>379,951</u>	<u>387,367</u>	<u>(7,416)</u>
Grounds Maintenance				
Income	8,146	9,242	8,650	592
Expenses	<u>0</u>	<u>0</u>	(13,500)	<u>13,500</u>
Net	<u>8,146</u>	<u>9,242</u>	<u>(4,850)</u>	<u>14,092</u>
Overheads				
Directors Remuneration	(8,591)	(8,141)	(8,141)	0
FHDC Officer Support	(33,600)	(34,272)	(34,857)	585
Operating Expenses	<u>(56,779)</u>	<u>(37,449)</u>	<u>(49,443)</u>	<u>11,993</u>
Total Overheads	<u>(98,970)</u>	<u>(79,862)</u>	<u>(92,440)</u>	<u>12,578</u>
Loan Interest	<u>(242,788)</u>	<u>(258,606)</u>	<u>(294,237)</u>	<u>35,631</u>
Surplus/(Loss) on Operating Activities	<u>(48,441)</u>	<u>50,725</u>	<u>(4,160)</u>	<u>54,885</u>
Unrealised Property Valuation Gains	<u>369,250</u>	<u>922,950</u>	<u>778,410</u>	<u>144,540</u>
Profit before Tax	<u>417,691</u>	<u>973,675</u>	<u>774,250</u>	<u>199,425</u>
Deferred Tax on Profit	<u>(112,831)</u>	<u>(184,241)</u>	<u>(197,247)</u>	<u>13,006</u>
Profit after Tax	<u>304,860</u>	<u>789,434</u>	<u>577,003</u>	<u>212,431</u>

Appendix 2

Post-Audit Balance Sheet as at 31 March 2024

	31/03/2023	31/03/2024	31/03/2024	
	<i>Outturn</i>	Provisional Outturn	Outturn	Variance
	£	£	£	£
Fixed Assets				
Investment Assets	9,503,750	13,726,700	13,681,150	(45,550)
Investment Assets Under Construction	2,361,500	0	0	0
	<u>11,865,250</u>	<u>13,726,700</u>	<u>13,681,150</u>	<u>(45,550)</u>
Current Assets				
Debtors - Other	36,675	36,436	38,238	1,802
Bank Account	353,727	67,953	67,953	0
	<u>390,402</u>	<u>104,389</u>	<u>106,191</u>	<u>1,802</u>
Current Liabilities				
Creditors: Short Term	(20,498)	(50,708)	(82,188)	(31,480)
Loans (principal due within 12 months)	(67,346)	(47,470)	(83,101)	(35,631)
	<u>(87,444)</u>	<u>(98,177)</u>	<u>(165,289)</u>	<u>(67,112)</u>
Current Assets less Current Liabilities:	<u>302,558</u>	<u>6,212</u>	<u>(59,098)</u>	<u>(65,310)</u>
Total Assets less Current Liabilities:	<u>12,167,808</u>	<u>13,732,912</u>	<u>13,622,052</u>	<u>(110,860)</u>
Long Term Liabilities				
Creditors: Long Term				
Loans	(5,690,569)	(6,268,080)	(6,370,563)	(102,483)
Deferred Corporation Tax	(355,017)	(553,175)	(552,264)	911
	<u>(6,045,586)</u>	<u>(6,821,255)</u>	<u>(6,922,827)</u>	<u>(101,572)</u>
Total Assets less Total Liabilities:	<u>6,122,222</u>	<u>6,911,657</u>	<u>6,699,225</u>	<u>(212,431)</u>
Capital & Reserves				
Share Capital	2,515	2,515	2,515	0
Share Premium	4,906,236	4,906,236	4,906,236	0
Profit & Loss Account	1,213,471	2,002,905	1,790,474	(212,431)
	<u>6,122,222</u>	<u>6,911,657</u>	<u>6,699,225</u>	<u>(212,431)</u>

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**Registered number
09038505**

**Oportunitas Limited
Report and Accounts
31 March 2024**

Oportunitas Limited
Report and accounts
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Oportunitas Limited
Company Information

Current Directors

James William Butcher (Chairman)
Clive Goddard
Adrian Lockwood
John Spencer Wing

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 2024.

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:

James William Butcher (Appointed 6 July 2023) (Chairman)
Clive Goddard (Appointed 6 July 2023)
Adrian Lockwood (Appointed 5 July 2023)
John Spencer Wing (Appointed 11 July 2023)
Ann Elizabeth Berry (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)
Connor Andrew Mcconville (Resigned 17 April 2023)
Terence William Mullard (Resigned 17 April 2023)
Patricia Spencer Rolfe (Resigned 17 April 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 2024 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 2024 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 2024 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. 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

..... 2024

9 Bonhill Street
London
EC2A 4DJ

Oportunitas Limited
Profit and Loss Account
for the year ended 31 March 2024

	2024	2023
	£	£
Turnover	596,134	500,303
Cost of turnover	(13,500)	-
Gross profit	582,634	500,303
Administrative expenses	(292,557)	(209,074)
Revaluation of investment properties	778,410	369,250
Operating profit	1,068,487	660,479
Interest payable	(294,237)	(242,789)
Profit before taxation	774,250	417,690
Tax on profit	(197,247)	(112,831)
Profit for the financial year	577,003	304,859

Oportunitas Limited
Registered number:
Balance Sheet
as at 31 March 2024

09038505

	Notes	2024 £	2023 £
Fixed assets			
Tangible assets	4	13,681,150	11,865,250
Current assets			
Debtors	5	38,238	36,675
Cash at bank		67,953	353,727
		106,191	390,402
Creditors: amounts falling due within one year	6	(165,289)	(87,844)
Net current (liabilities)/assets		(59,098)	302,558
Total assets less current liabilities		13,622,052	12,167,808
Creditors: amounts falling due after more than one year	7	(6,370,563)	(5,690,569)
Provisions for liabilities		(552,264)	(355,017)
Net assets		<u>6,699,225</u>	<u>6,122,222</u>
Capital and reserves			
Called up share capital		2,515	2,515
Share premium		4,906,236	4,906,236
Profit and loss account		1,790,474	1,213,471
Shareholder's funds		<u>6,699,225</u>	<u>6,122,222</u>

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 2024

Oportunitas Limited
Statement of Changes in Equity
for the year ended 31 March 2024

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2022	2,515	4,906,236	908,612	5,817,363
Profit for the financial year	-	-	304,859	304,859
At 31 March 2023	<u>2,515</u>	<u>4,906,236</u>	<u>1,213,471</u>	<u>6,122,222</u>
At 1 April 2023	2,515	4,906,236	1,213,471	6,122,222
Profit for the financial year	-	-	577,003	577,003
At 31 March 2024	<u>2,515</u>	<u>4,906,236</u>	<u>1,790,474</u>	<u>6,699,225</u>

Oportunitas Limited
Notes to the Accounts
for the year ended 31 March 2024

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: 2024

Oportunitas Limited
Notes to the Accounts
for the year ended 31 March 2024

3 Employees	2024	2023
	Number	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

	Investment	Assets	Total
	Properties	under	
	£	construction	£
	£	£	£
Cost			
At 1 April 2023	9,503,750	2,361,500	11,865,250
Additions	98,990	938,500	1,037,490
Transfer on completion of construction	3,300,000	(3,300,000)	-
Surplus on revaluation	778,410	-	778,410
At 31 March 2024	<u>13,681,150</u>	<u>-</u>	<u>13,681,150</u>
Depreciation			
At 31 March 2024	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 March 2024	<u>13,681,150</u>	<u>-</u>	<u>13,681,150</u>
At 31 March 2023	<u>9,503,750</u>	<u>2,361,500</u>	<u>11,865,250</u>
Freehold land and buildings:		2024	2023
		£	£
Historical cost		10,918,376	9,880,886
Cumulative depreciation based on historical cost		-	-
		<u>10,918,376</u>	<u>9,880,886</u>

The investment properties were valued at 31 March 2024 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 in 2021. Phase B was completed in the year and transferred to investment properties.

Oportunitas Limited
Notes to the Accounts
for the year ended 31 March 2024

5 Debtors	2024	2023
	£	£
Trade debtors	1,468	876
Other debtors	36,770	35,799
	<u>38,238</u>	<u>36,675</u>
6 Creditors: amounts falling due within one year	2024	2023
	£	£
Other loans	83,101	67,346
Trade creditors	48,396	4,800
Taxation and social security costs	2,059	329
Other creditors	31,733	15,369
	<u>165,289</u>	<u>87,844</u>
7 Creditors: amounts falling due after one year	2024	2023
	£	£
Other loans	<u>6,370,563</u>	<u>5,690,569</u>
8 Loans	2024	2023
	£	£
Creditors include:		
Instalments falling due for payment within one year	47,470	31,715
Instalments falling due for payment within two to five years	214,512	143,320
Instalments falling due for payment after more than five years	6,156,051	5,547,249
	<u>6,418,033</u>	<u>5,722,284</u>
Secured bank loans	<u>6,418,033</u>	<u>5,722,284</u>
Amounts payable to Folkestone and Hythe District Council are secured by fixed and floating charges over the company's properties.		
9 Capital commitments	2024	2023
	£	£
Amounts contracted for but not provided in the accounts	<u>-</u>	<u>938,500</u>

Oportunitas Limited
Notes to the Accounts
for the year ended 31 March 2024

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.

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 2024

This schedule does not form part of the statutory accounts

	2024	2023
	£	£
Turnover		
Ground maintenance income	8,650	8,146
Rental income	587,484	489,848
Other income	-	2,309
	596,134	500,303
Cost of sales		
Council's charge for grounds maintenance	13,500	-
Administrative expenses		
Employee costs:		
Recharge from Folkestone and Hythe District Council	8,141	8,591
	8,141	8,591
General administrative expenses:		
Bank charges	103	35
Insurance	26,808	22,050
Software	553	456
Repairs and maintenance	106,266	37,397
Other property costs	23,858	14,199
Bad debts	-	(16,880)
Sundry expenses	1,250	130
	158,838	57,387
Legal and professional costs:		
Audit fees	8,349	6,859
Solicitors fees	295	-
Consultancy fees	35,646	5,719
Property management fees	45,311	36,918
Council management fees	34,857	33,600
Other legal and professional	1,120	60,000
	125,578	143,096
	292,557	209,074
Other gains		
Investment property revaluations	778,410	369,250

The Directors
Opportunitas Limited
Civic Centre
Castle Hill Avenue
Folkestone CT20 2QY

Our Ref. DV/O8

Your Ref.

26 September 2024

Dear Sirs

**OPORTUNITAS LIMITED
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

There are a number of matters relating to our audit of Opportunitas Limited which need to be reported to the Directors in accordance with current audit regulations. None of these matters are material and they have no effect on our audit opinion, which is unqualified.

Ethical Standards

We conducted our audit in accordance with APB Ethical Standards. In applying the standards, we took advantage of the provisions available for small entities as disclosed in the audit report. These provisions allow us to disregard certain requirements relating to the self-review and management threat of providing non-audit services. The non-audit services provided were assistance with the preparation of financial statements, preparation of internal group reports and general taxation advice.

We believe it is appropriate to apply these provisions as the Directors are to be considered "informed management", able to make the judgements and decisions that are needed in relation to the presentation and disclosure of information in the financial statements.

Systems and controls

Our audit approach was fully substantive and did not rely on the operational effectiveness of controls. Nevertheless, in the course of our audit we examined the financial systems and controls of the company, and our opinion is that they are appropriate to the size and complexity of the company's business operations.

Potentially adjusting journals

It is our duty as auditors to report to the Directors any potential adjustments that have not been made in the accounts.

None to bring to your attention.

Begbies Chartered Accountants and Registered Auditors, Unit 14, Park Barn, Evegate Business Park, Smeeth, Ashford TN25 6SX
t: 01580 713055 e: admin@begbiesaccountants.co.uk w: begbiesaccountants.co.uk

R G Maples, C Bates, A J Brooker, K L Dee, M Firman, C J Pexton, J N Staines (Chartered Certified Accountant), D M Valentine, C P Wain
Consultants: M J Church, S J Richards, V J Underhill
Begbies Limited Partnership Company No. LP5406 VAT Registration No. 706925916

Continued – page 2

Other matters

In previous years, Folkestone and Hythe District Council has charged a management fee based on the grounds maintenance income arising in the year. However, no charges have yet been made for 2023 and 2024. We understand that this matter will be rectified soon and a provision of £13,500 has been made in these accounts for these costs.

We have no further comments to make regarding the qualitative aspects of the entities' accounting practices and financial reporting, and there are no further matters that we are required by auditing standards to communicate to you.

If you have any queries regarding any of the above points, please do not hesitate to contact us.

Yours faithfully


BEGBIES

Oportunitas Board Meeting 17 October 2024

Oportunitas Limited – Financial Update for 2024/25 – Q1

Prepared by Dani Loxton

Summary: This paper provides an initial update of the company's financial position for the financial year ending 31 March 2025, based on income and expenditure to 30 June 2024, including the latest projected outturn for its trading activities.

Recommendations:

The Board note the latest financial position for 2024/25 outlined in this paper.

1. Introduction and Background

- 1.1 This paper provides an initial update to the Board of the company's financial position for the financial year ending 31 March 2025, based on income and expenditure to 30 June 2024. 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. Further updates on the company's projected outturn for the current financial year are planned to be made to future Board meetings over this period.

2. Profit and Loss Account Projected Outturn 2024/25

- 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 2025, compared to the approved business plan.

Profit and Loss Account	2024/25	24/25	24/25
		Latest	Variance
	Budget	Projected	Budget to
	£	Outturn	Latest
		£	Projection
			£
Property Rental			
Rental Income	743,735	738,450	(5,285)
Rental Expenses	(222,075)	(209,199)	12,876
Special Item - Stock Condition Survey	(20,000)	(20,000)	0
Special Item - Major External Repairs & Redecorations	(32,150)	(32,150)	0
Net	469,510	477,101	7,591
Grounds Maintenance			
Income	10,574	10,574	0
Expenses	(8,459)	(8,459)	0
Net	2,115	2,115	0
Overheads			
Directors Remuneration	(12,094)	(12,094)	0
FHDC Officer Support	(29,417)	(29,417)	0
Operating Expenses	(45,261)	(45,261)	0
Total Overheads	(86,772)	(86,772)	0
Loan Interest	(367,763)	(351,576)	16,187
Loan Restructuring Discount	1,300,000	1,300,000	0
P & L Operating Surplus / (Deficit) for period	1,317,090	1,340,868	23,778
P & L Operating Loss b/f	(441,498)	(441,498)	0
P & L Operating profit c/f	875,592	899,370	23,778

- 2.2 The projected outturn shows a cumulative operating profit of £899k for the year, an increase of £24k compared to £876k cumulative profit forecast 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 – Net impact of increase in rent and void properties	(5)
ii)	Housing Rental Expenses – Repairs and maintenance costs reduced based on 23/24 actual expenditure and spend to date	13
iii)	Loan Interest – change in interest rate charged and loan amount owed as per financial review	16
Total increase in operating profit compared to business plan		24

- 2.3 The approved business plan and projected outturn for the year currently include the special items for;-

i)	Stock condition survey	£20k
ii)	Major external repairs	£32.1k

The company business plan allocated a budget of £64k over 2023/24 and 2024/25 for the cost of undertaking maintenance and preventative works at 82/84 Leyburne Road, Dover and 19 Castle Hill Avenue Folkestone. The works for Leyburne Road were completed in 23/24. Quotes for the works required for 19 Castle Hill Avenue will be sought in due course.

- 2.4 As part of the financial review, undertaken in 23/24 it was proposed that the company's loans were refinanced with a higher rate of interest charged to represent the current market rate (from 4.88% to 6.88%).

The loans will be repaid with a discount applied (representing fair value) therefore the total of the new loan will be £5.1m which is a reduction of £1.3m. This will improve the return to the shareholder.

- 2.5 The company's operating profit is forecast to increase by £24k to £899k at 31 March 2025. The Board is reminded that this excludes unrealised cumulative valuation gains on the company's property portfolio which provisionally stands at £2,775k after tax at 31 March 2024. A further revaluation of the company's property portfolio will be undertaken at 31 March 2025.

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Oportunitas Board Meeting 17 October 2024

Oportunitas Limited – Financial Update for 2024/25 – Q2

Prepared by Dani Loxton

Summary: This paper provides an update of the company's financial position for the financial year ending 31 March 2025, based on income and expenditure to 30 September 2024, including the latest projected outturn for its trading activities.

Recommendations:

- 1) The Board note the latest financial position for 2024/25 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 2025, based on income and expenditure to 30 September 2024. 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.

2. Profit and Loss Account Projected Outturn 2024/25

- 2.1 The table below provides a projection of the outturn position of the company's trading activities for the financial year to 31 March 2025, compared to the approved business plan forecast and the previous projection for the year reported to the Board on 17 October 2024.

Profit and Loss Account	2024/25	2024/25	2024/25	2024/25
	Budget £	Previous Projected Outturn	Latest Projected Outturn £	Variance Budget to Latest Projection £
Property Rental				
Rental Income	743,735	738,450	742,147	(1,588)
Rental Expenses	(222,075)	(209,199)	(209,199)	12,876
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	469,510	477,101	480,798	11,288
Grounds Maintenance				
Income	10,574	10,574	10,574	0
Expenses	(8,459)	(8,459)	(8,459)	0
Net	2,115	2,115	2,115	0
Overheads				
Directors Remuneration	(12,094)	(12,094)	(12,094)	0
FHDC Officer Support	(29,417)	(29,417)	(29,417)	0
Operating Expenses	(45,261)	(45,261)	(46,457)	(1,196)
Total Overheads	(86,772)	(86,772)	(87,968)	(1,196)
Loan Interest	(367,763)	(351,576)	(351,576)	16,187
Loan Restructuring Discount	1,300,000	1,300,000	1,300,000	0
P & L Operating Surplus / (Deficit) for period	1,317,090	1,340,868	1,343,368	26,279
P & L Operating Loss b/f	(441,498)	(441,498)	(441,498)	0
P & L Operating Profit c/f	875,591	899,370	901,870	26,279

2.2 The projected outturn shows a cumulative operating profit of £902k for the year, an increase of £26k compared to the forecast cumulative profit of £876k in the business plan. The main reasons for this variance are outlined below:

Variances 2024/25 Business Plan to Projected Outturn		£'000
i)	Rental Income – Net impact of increase in rent and void properties	(2)
ii)	Housing Rental Expenses – Repairs and maintenance costs reduced based on 23/24 actuals and spend to date	13
iii)	Loan Interest – change in interest rate and loan amount as per financial review	16
iv)	Operating Expenses – increase in professional fees	(2)

- 2.4 The company's operating profit is forecast to increase by £26k to £902k at 31 March 2025. The Board is reminded that this excludes unrealised cumulative valuation gains on the company's property portfolio which provisionally stands at £2,775k after tax at 31 March 2024. A further revaluation of the company's property portfolio will be undertaken at 31 March 2025.

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