

### **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	
	<i>Outturn</i>	Provisional Outturn	<b>Outturn</b>	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>	<u><b>11,865,250</b></u>	<u>0</u>
<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>	<u><b>390,402</b></u>	<u>13,103</u>
<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>	<u><b>(87,844)</b></u>	<u>34,700</u>
<b>Current Assets less Current Liabilities:</b>	<u>833</u>	<u>324,155</u>	<u><b>302,558</b></u>	<u>(21,597)</u>
<b>Total Assets less Current Liabilities:</b>	<u>10,281,833</u>	<u>12,189,405</u>	<u><b>12,167,808</b></u>	<u>(21,597)</u>
<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>	<u><b>(6,045,586)</b></u>	<u>(112,987)</u>
<b>Total Assets less Total Liabilities:</b>	<u>5,817,363</u>	<u>6,256,807</u>	<u><b>6,122,222</b></u>	<u>(134,585)</u>
<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>	<u><b>6,122,222</b></u>	<u>(134,585)</u>