

Appendix 1 – Financial Update 2017/18

The company's profit and loss account and balance sheet for the period from 1 April 2017 to 26 September 2017 are shown below with comparative information for the same period from 2016:

Oportunitas Limited **Comparative Profit and Loss Report**

	<u>2017/18</u>	<u>2016/17</u>
	Actual to	Actual to
	26.9.17	30.9.16
	£	£
Income		
Grounds Maintenance Charges (note 1)	15,887.63	17,534.00
Housing Rents - Market Rate	88,701.31	33,262.00
Commercial Rents	5,501.37	5,482.00
	<hr/> 110,090.31	<hr/> 56,278.00
Purchases		
Direct Expenses		
SDC Grounds Maintenance		
Recharges	12,732.67	14,027.00
Advertising	1,130.00	1,470.00
Property Expenses (note 2)	7,590.17	2,726.00
Property Management Charges	4,720.05	2,790.00
Premises Insurance	5,914.56	2,638.00
	<hr/> 32,087.45	<hr/> 23,651.00
Gross Profit/(Loss):	78,002.86	32,627.00
Overheads		
Insurance	3,580.66	3,772.00
Professional Fees (note 3)	3,710.00	13.00
Legal Fees	63.00	35.00
Audit Fees	0.00	0.00
Management Charges from SDC	9,996.30	11,666.00
Directors Remuneration (note 4)	5,279.52	6,374.00
Bank Charges	82.55	85.00
Mileage	0.00	4.00
Computer and Software	85.09	68.00
Sundry Expenses	49.90	(64.00)
	<hr/> 22,847.02	<hr/> 21,953.00
Interest Payable	75,519.76	30,173.00
Net Profit/(Loss):	<hr/> (20,363.92) <hr/>	<hr/> (19,499.00) <hr/>

Oportunitas Ltd Balance Sheet for 01/04/2017 to 26/09/2017

	£	-	£
Fixed Assets			
Investment Assets	3,551,000.00		<u>3,551,000.00</u>
Current Assets			
Debtors	5,681.83		
Bank Account	154,606.44		
VAT Liability	<u>610.36</u>		
	160,898.63		
Current Liabilities			
Creditors : Short Term	(6,776.88)		
Credit Card (Creditors)			
VAT Liability	0.00		<u>154,121.8</u>
Net Current Assets			
Total Assets less Current Liabilities:			<u>3,705,121.75</u>
Long Term Liabilities			
SDC Loan	(3,211,000.00)		
Loan Interest	<u>(211,558.76)</u>		
			<u>(3,422,558.76)</u>
Total Assets less Total Liabilities:			<u><u>282,562.99</u></u>
Capital & Reserves			
Called up Share Capital	300.00		
Share Premium Account	478,451.39		
Profit and Loss Account	<u>(196,188.40)</u>		
			<u><u>282,562.99</u></u>

Commentary

1. The company has made a net loss of £20k from its trading activities for the period to 26 September 2017, almost identical to the equivalent position for the previous year.
2. The main change to the company's financial activities is the impact of the residential property acquisitions made during the past year at 82-84 Leyburne Road, Dover and 19 Castle Hill Avenue, Folkestone. The housing rental income has increased by £55k compared to the same point last year but is offset by a similar increase in interest payable and property related expenses.
3. The specific variances noted on the Profit and Loss Account compared to the equivalent point in 2016/17 are:-

Note 1: Grounds Maintenance Income – The volume of work undertaken is slightly lower than last year. The figure may also be distorted by a small number of jobs undertaken during September and yet to be invoiced. The majority of outstanding invoices have now been raised to customers.

Note 2: Property Expenses – The higher cost in the current year is partly a reflection of the increase in the size of the property portfolio compared to the same period last year. £2k has been spent on installing a television aerial and satellite system for the 10 units at 19 Castle Hill Avenue. £1.4k has been incurred on electrical safety works required to several properties.

Note 3: Professional Fees – The current year's figure includes a £3k fee paid to Smith Woolley for their work in helping to negotiate the purchase of 19 Castle Hill Avenue, Folkestone.

Note 4: Directors Remuneration – The comparable figure for last year included a small backdated adjustment in accordance with the Council's Members Allowances scheme.

4. The balance sheet shows that the company's accumulated loss is now £196k. However, at this stage, it does not reflect the impact of any increase in property values that may have incurred during the year to date. Indicative information from the company's external valuer suggests that local property prices are increasing by around 3% for the year, less than the 6% achieved in the year to 31 March 2017. A revaluation of the property portfolio will be undertaken at the end of the financial year in March 2018.