



## **Oportunitas Board Meeting 22 November 2022**

### **Oportunitas Limited – Audited Statement of Accounts to 31 March 2022**

**Prepared by Lee Walker**

**Summary:** This paper seeks the Board’s approval of the audited Statement of Accounts for the financial year ending 31 March 2022 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 2022 to be signed as a correct record by the Chairman**
- 3. The Board receive and approve the Letter of Representation to the Auditors to be signed by the Chairman**

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

- 1.1 On 6 June 2022 the Board considered and noted the company’s provisional outturn financial position for the year ending 31 March 2022, 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 2022. 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 2022

## Appendix 1 - Board Paper 22/11/2022 Statement of Accounts

- 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 6 June 2022.

2.1.1 **Profit and Loss Account** – Appendix 1 shows the profit after tax is £476,423, an increase of £170,747 compared to the provisional figure of £305,676. The reasons for this increase summarised below:

Adjustment	Amount (£)
i) An increase in unrealised property valuation gains for the investment property portfolio to reflect updated market value information as at 31 March 2022, advised by the external valuer	291,950
ii) An increase to the deferred Corporation Tax liability applicable for the year	(111,810)
iii) An increase in rental expenses mainly due to a backdated electricity charge for 1 Claremont Road	(9,393)
<b>Total adjustment</b>	<b><u>170,747</u></b>

2.1.2 **Property Valuation Gain** – The provisional unrealised valuation gains on the company's investment property portfolio as at 31 March 2022 undertaken by Sibley Pares Chartered Surveyors and received in April 2022 was based on market information at January 2022. Sibley Pares undertook a review of their provisional valuations in late June 2022 to capture the actual market data at 31 March 2022, leading to the further unrealised gain of £292k for the year. The average increase in the property portfolio for the year to 31 March 2022 is 8.7%.

2.1.3 **Deferred Corporation Tax** - The deferred Corporation Tax liability is made against the company's profits resulting from its unrealised valuation gains on its investment property portfolio. The change to the unrealised valuation gain, outlined above, means the deferred Corporation Tax has also increased. Additionally, the provisional amount was based on the existing Corporation Tax rate of 19% applicable for the year. However, the Auditor advised this should be revised to the new rate of 25% now applicable, being the rate that the tax will be payable at should the properties be sold in the future. As no Corporation Tax is due to HMRC at this point there are no punitive implications to the company from this adjustment.

## Appendix 1 - Board Paper 22/11/2022 Statement of Accounts

2.1.4 **Balance Sheet** – Appendix 2 shows the value of the company's net assets is £5,817,363, an increase of £170,748 compared to the provisional outturn figure of £4,352,660. 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.

### 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 2022. 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 the bad debts provision is over-stated by £6,000 in their opinion. However, it is not material and has not been changed. The position will be reviewed as part of the accounts for the year ending 31 March 2023.

# Appendix 1 - Board Paper 22/11/2022 Statement of Accounts

## Appendix 1

### Post-Audit Profit and Loss Account for Year Ending 31 March 2022

	2020/21	2021/22	2021/22	2021/22
	<i>Outturn</i> £	Provisional <i>Outturn</i> £	<b>Outturn</b> £	Variance £
<b>Housing Rental</b>				
Rental Income	260,344	340,699	<b>340,699</b>	0
Rental Expenses	(74,109)	(127,190)	<b>(136,583)</b>	(9,393)
Net	<u>186,235</u>	<u>213,509</u>	<b><u>204,116</u></b>	<u>(9,393)</u>
<b>Grounds Maintenance</b>				
Income	15,519	9,968	<b>9,968</b>	0
Expenses	(12,415)	(8,488)	<b>(8,488)</b>	0
Net	<u>3,104</u>	<u>1,480</u>	<b><u>1,480</u></b>	<u>0</u>
<b>Overheads</b>				
Directors Remuneration	(9,671)	(9,721)	<b>(9,721)</b>	0
FHDC Officer Support	(27,907)	(30,000)	<b>(30,000)</b>	0
Operating Expenses	(26,801)	(33,859)	<b>(33,859)</b>	0
Total Overheads	<u>(64,379)</u>	<u>(73,580)</u>	<b><u>(73,580)</u></b>	<u>0</u>
<b>Loan Interest</b>	<u>(209,936)</u>	<u>(208,581)</u>	<b><u>(208,581)</u></b>	<u>0</u>
<b>Loss on Operating Activities</b>	<u>(84,976)</u>	<u>(67,172)</u>	<b><u>(76,565)</u></b>	<u>(9,393)</u>
<b>Unrealised Property Valuation Gains</b>	342,950	444,550	<b>736,500</b>	291,950
<b>Profit before Tax</b>	<u>257,974</u>	<u>377,378</u>	<b><u>659,935</u></b>	<u>282,557</u>
<b>Deferred Tax on Profit</b>	<u>11,054</u>	<u>(71,702)</u>	<b><u>(183,512)</u></b>	<u>(111,810)</u>
<b>Profit after Tax</b>	<u>269,028</u>	<u>305,676</u>	<b><u>476,423</u></b>	<u>170,747</u>

# Appendix 1 - Board Paper 22/11/2022 Statement of Accounts

## Appendix 2

### Post-Audit Balance Sheet as at 31 March 2022

	31/03/2021	31/03/2022	31/03/2022	
	<i>Outturn</i>	Provisional Outturn	<b>Outturn</b>	Variance
	£	£	£	£
<b>Fixed Assets</b>				
Investment Assets	5,195,500	8,902,550	<b>9,194,500</b>	291,950
Investment Assets Under Construction	2,502,050	1,086,500	<b>1,086,500</b>	0
	<u>7,697,550</u>	<u>9,989,050</u>	<b><u>10,281,000</u></b>	<u>291,950</u>
<b>Current Assets</b>				
Debtors - Other	23,344	23,663	<b>23,663</b>	0
VAT Reimbursement	0	4,150	<b>4,150</b>	
Bank Account	950,516	32,085	<b>32,085</b>	0
	<u>973,860</u>	<u>59,898</u>	<b><u>59,898</u></b>	<u>0</u>
<b>Current Liabilities</b>				
Creditors: Short Term	-29,255	-19,452	<b>-28,843</b>	-9,391
VAT Liability	-1,235	0	<b>0</b>	0
Loans (principal due within 12 months)	-28,800	-30,222	<b>-30,222</b>	0
	<u>-59,290</u>	<u>-49,674</u>	<b><u>-59,065</u></b>	<u>-9,391</u>
<b>Current Assets less Current Liabilities:</b>				
	<u>914,570</u>	<u>10,224</u>	<b><u>833</u></b>	<u>-9,391</u>
<b>Total Assets less Current Liabilities:</b>				
	<u>8,612,120</u>	<u>9,999,274</u>	<b><u>10,281,833</u></b>	<u>282,559</u>
<b>Long Term Liabilities</b>				
Creditors: Long Term				
Loans	-4,252,506	-4,222,284	<b>-4,222,284</b>	0
Deferred Corporation Tax	-58,674	-130,376	<b>-242,186</b>	-111,810
	<u>-4,311,180</u>	<u>-4,352,660</u>	<b><u>-4,464,470</u></b>	<u>-111,810</u>
<b>Total Assets less Total Liabilities:</b>				
	<u>4,300,940</u>	<u>5,646,614</u>	<b><u>5,817,363</u></b>	<u>170,749</u>
<b>Capital &amp; Reserves</b>				
Share Capital	1,995	2,515	<b>2,515</b>	0
Share Premium	3,866,756	4,906,236	<b>4,906,236</b>	0
Profit & Loss Account	432,189	737,863	<b>908,612</b>	170,749
	<u>4,300,940</u>	<u>5,646,614</u>	<b><u>5,817,363</u></b>	<u>170,749</u>