

Oportunitas Board Meeting 23 November 2023

Oportunitas Limited – Financial Update for 2023/24

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Summary: This paper provides an update of the company's financial position for the financial year ending 31 March 2024, based on income and expenditure to 31 October 2023, including the latest projected outturn for its trading activities. It also summarises the capital expenditure incurred to date on the Royal Victoria Hospital project and the funding used towards this and considers the impact to the delay on Phase 2 of the scheme.

Recommendations:

- 1) The Board note the latest financial position for 2023/24 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 2024, based on income and expenditure to 31 October 2023. 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. The paper summarises the capital expenditure incurred to date on the Royal Victoria Hospital (RVH) project and the funding used towards this.

2. Profit and Loss Account Projected Outturn 2023/24

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 2024, compared to the approved business plan forecast and the previous projection for the year reported to the Board on 22 September 2023.

Profit and Loss Account	2023/24	2023/24	2023/24	2023/24
		<i>Previous Projected Outturn</i>	<i>Latest Projected Outturn</i>	<i>Variance Budget to Latest Projection</i>
	Budget			
	£		£	£
Property Rental				
Rental Income	562,830	616,150	594,825	31,995
Rental Expenses	(187,128)	(155,052)	(177,168)	9,960
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	323,552	408,948	365,507	41,955
Grounds Maintenance				
Income	10,167	10,167	10,167	0
Expenses	(8,134)	(8,134)	(8,134)	0
Net	2,033	2,033	2,033	0
Overheads				
Directors Remuneration	(11,878)	(11,878)	(11,878)	0
FHDC Officer Support	(28,560)	(28,560)	(28,560)	0
Operating Expenses	(27,409)	(27,409)	(27,409)	0
Total Overheads	(67,847)	(67,847)	(67,847)	0
Loan Interest	(308,748)	(308,748)	(205,665)	103,083
P & L Operating Surplus / (Deficit) for period	(51,010)	34,387	94,029	145,038
P & L Operating Loss b/f	(348,000)	(348,000)	(348,000)	0
P & L Operating Loss c/f	(399,010)	(313,613)	(253,971)	145,038

2.2 The projected outturn shows an operating profit of £94k for the year, an improvement of £145k compared to the loss of almost £51k 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 – improved rental income from RVH2 flats.	32
ii)	Housing Rental Expenses – Net reduction is mainly due to a reduction in expenditure on general repairs and maintenance of the housing stock.	10
iii)	Loan Interest Saving – due to the delay in completing RVH 2 the loan repayments will now begin in 24/25.	103
Total increase in operating profit compared to business plan		145

- 2.4 The company's accumulated operating loss is forecast to decrease by £145k to £254k at 31 March 2024. The Board is reminded that this loss excludes unrealised valuation gains on the company's property portfolio which provisionally stands at £1,997k after tax at 31 March 2023. A further revaluation of the company's property portfolio will be undertaken at 31 March 2024.

3 Royal Victoria Hospital (RVH) Development

- 3.1 The table below summarises the latest position for capital expenditure incurred on the RVH development:

	Phase 1	Phase 2	Contract Total	SDLT	Total
	£m	£m	£m	£m	£m
Agreed Sale Price	3.150	3.300	6.450	0.250	6.700
Paid to date	3.150	3.300	6.450	0.211	6.661
Balance	-	-	-	0.039	0.039

- 3.2 The funding of the capital expenditure incurred to date has been met from the proceeds of the Council's additional equity investment of £4.43m in the company and £2.1m of the agreed loan facility of £2.47m. Phase 2 of the RVH development completed on the 29 September 2023. The remainder of the loan facility will be drawn down by 31 March 2023. Interest will accrue on this loan and become payable from 1 April 2024.