

Appendix 2

Oportunitas Board Meeting 24 August 2020

Oportunitas Limited – Financial Update for 2020/21

Prepared by Lee Walker

1. Introduction

- 1.1 This paper provides an update to the Board of the company's financial position for the current financial year. It covers the latest trading position to 31 July 2020 reported through the Profit and Loss Account and summarises the capital expenditure incurred.

2. Profit and Loss Account

- 2.1 The summarised Profit and Loss Account to 31 July 2020 together with the original projection for the current financial year is shown below.

<u>Profit and Loss Account</u>	Actual 01/04/2020 to 31/07/2020 £	Profiled Projection to 31/07/2020 £	Variance £
Housing Rental			
Rental Income	76,918	89,839	(12,921)
Rental Expenses	(28,143)	(28,611)	468
Net	48,775	61,228	(12,453)
Grounds Maintenance			
Income	79	10,200	(10,121)
Expenses	(63)	(8,160)	8,097
Net	16	2,040	(2,024)
Overheads			
Directors Remuneration	(3,223)	(3,787)	564
FHDC Officer Support	(7,752)	(6,800)	(952)
Operating Expenses	(1,598)	(15,666)	14,068
Total Overheads	(12,573)	(26,253)	13,680
Loan Interest	(70,089)	(69,512)	(577)
P & L Operating Surplus / (Deficit) for period	(33,871)	(32,497)	(1,374)

- 2.2 **Housing Rental Income** - The rental income for the period is approximately £13k lower than anticipated due to increases in both the void period for properties being re-let (£7k) and rent arrears (£6k). In both cases Covid-19 is a factor for the reduced income. The loss of income due to voids is expected to reduce over the remainder of this year following the easing of the lockdown restrictions. However one unit will remain empty until at least October 2020 because of repairs required following a serious water leak. As the Board are already aware, action is being taken at the moment to tackle the level of rent arrears with the position being closely monitored.
- 2.3 **Grounds Maintenance** - The Covid-19 crisis has virtually curtailed the tree-work and other grounds maintenance work forecast to take place to the end of July and resulted in a net loss of income of £2k. As some of the work is regular in nature or takes place during the summer months, it is anticipated this will be now be lost for the year.
- 2.4 **Overheads** - Although there is currently an underspending of about £14k on the overhead expenses, on a profiled basis, there are significant items which will be incurred later in the financial year which will negate this. This includes annual audit and valuation fees and a loan arrangement fee from the Council for a new agreement currently being put in place.

3. **Capital Expenditure – Royal Victoria Hospital (RVH) Development**

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

Date	Description	Amount £
17/02/2020	Deposit – Phases A & B	1,275,000
11/06/2020	Phase A – stage payment no. 1	110,250
07/08/2020	Phase A – stage payment no. 2	220,500
	Total Paid	<u>1,605,750</u>

- 3.2 The funding of the capital expenditure incurred has been met from the proceeds of the Council's new equity investment in the company.

4. **Recommendations**

- 4.1 The Board note the latest financial position for 2020/21 outlined in this paper.