

**CO-OPERATIVE &  
COMMUNITY FINANCE**  
*the lender for social purpose*



About Co-operative & Community Finance

Chair's report on behalf of the Trustees

Report of the Industrial Common Ownership Fund plc Shareholders' Representative

Co-operative & Community Finance Trustees

ICOF Group Summary Profit & Loss Account and Balance Sheet

Industrial Common Ownership Fund plc Summary Profit & Loss Account and Balance Sheet

**ANNUAL REVIEW 2009**

# 1 About Co-operative & Community Finance



Co-operative & Community Finance - the lender for social purpose - provides sympathetic loan finance to help people take control of their economic lives and create social benefit.

We exclusively serve the co-operative and social enterprise sector, and for almost 40 years we have supported hundreds of businesses ranging from small community-run enterprises to large award-winning organisations. Through the provision of accessible finance we have helped to create and preserve thousands of jobs within the social economy and supported the set up of many new and innovative co-operatives, employee buyouts, and community enterprises.

Our rates are competitive, unlike many high street lenders we don't require personal guarantees, and our profits are reinvested to enable us to continue our work.

We currently have over £4 million of our own capital to lend, available to those that practise or support the principles of co-operation, social ownership, and sustainable development. When finance is needed to set-up a new venture, expand an existing one, or turn a conventional business into a social one or a private business into an employee-owned business, we can help turn dreams into reality.

We can also replace existing finance packages. All our borrowers have the assurance that comes from receiving support from an organisation that's democratically owned and controlled by its borrower and investor members.

As well as offering sympathetic finance, we offer free business support to our borrowers throughout the term of their loan.

We also welcome the opportunity to discuss business proposals and answer enquiries, so for an informal discussion about how we may be able to help your enterprise grow and succeed, contact us using the details given on the back page of this report.

## Our structure

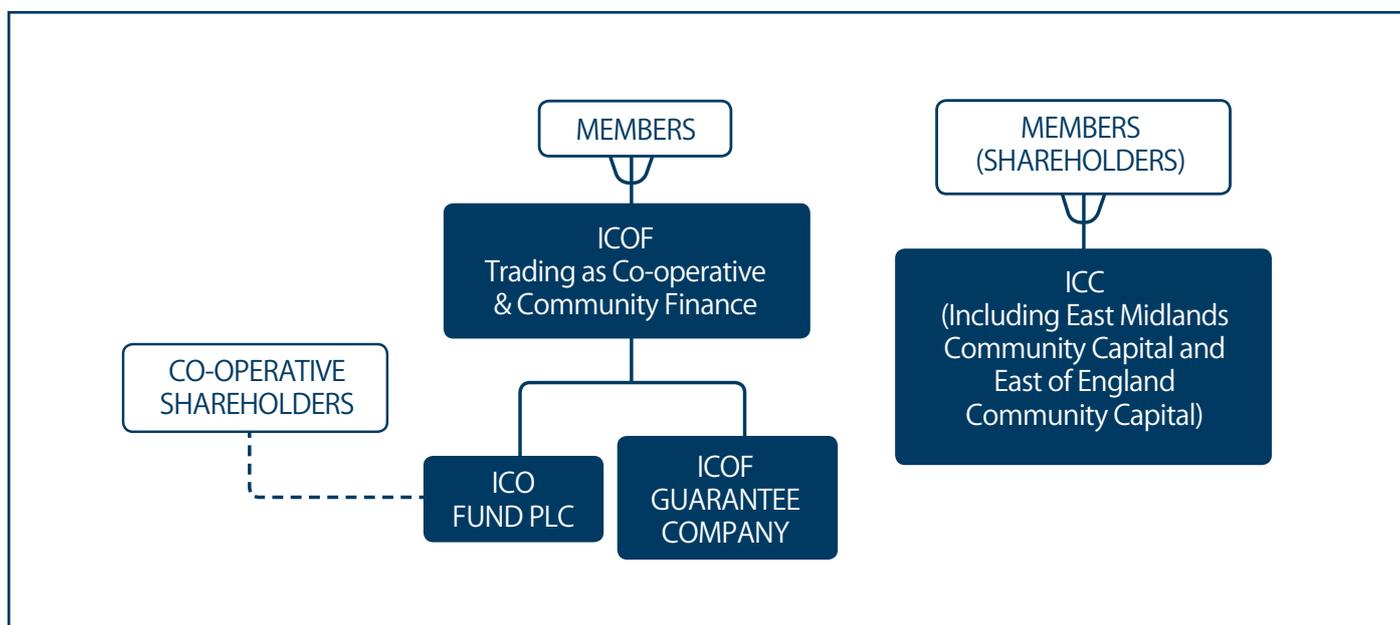
Co-operative & Community Finance is the trading name of a family of businesses which has two primary membership organisations (see diagram below):

**Industrial Common Ownership Finance Limited (ICOF)**, which has two subsidiary companies; ICOF Guarantee Company Limited and Industrial Common Ownership Fund plc (ICO Fund plc) – together these form the ICOF Group

**ICOF Community Capital Limited (ICC)**, a free standing Society for the Benefit of the Community for which ICOF acts as fund manager.

## Our staff

**Alain Demontoux**, Operations and FSA Compliance Manager  
**Angela Mills**, Financial Administrator and Company Secretary  
**Ian Rothwell**, Development Manager  
**Ian Taylor**, Investment Manager



# 2 Chair's report on behalf of the Trustees



I am pleased to present my first annual report as Chair of Co-operative & Community Finance.

This is the 37th Annual Report and is directed at the members of ICOF and the co-operative shareholders of ICO Fund plc.

It was with some trepidation that I took over as Chair from Jon McColl. Jon had successfully steered the Group through some 'choppy' waters, including a changing staff team, a relocation from London to Bristol, the start of a crisis in banking, an increasingly crowded CDFI market, historically low interest rates, and recession. Against this challenging backcloth, the Group still managed to achieve record profits and perhaps more importantly maintained levels of quality lending into the co-operative business sector. My first job as Chair therefore is to thank Jon, the Trustees, and the staff team for working hard in doing what we're all here to do – to provide good stewardship of the Group funds and to ensure that we continue to provide finance for co-operatives and other social enterprises.

And so the 'bar' as ever is set high. Certainly the Group is still operating in a challenging environment. Interest rates remain at a historic low. Although technically out of recession, the 'spectre' of the budget deficit is omnipresent and has the potential to create difficult trading times for many of our borrowers. However:

- Group lending has remained stable at £445,500,
- The Co-operative Loan Fund enjoyed its busiest year lending £540,000,
- We have developed a strong lending partnership with Baxi, and view employee ownerships and buy-outs as a growth sector.

## The Co-operative Loan Fund

In 2009, The Co-operative Loan Fund lent £549,000 to 21 co-operative enterprises - its busiest year ever. Co-operative & Community Finance continues to manage the Fund that has representation on its board from the Co-operative Group, Midcounties Co-operative Society, East of England Co-operative Society and Co-operative Financial Services. The Co-operative Group donated further resources during the year although more new funds from profitable co-operatives will be needed to increase the ability of the fund to support sound co-operative business proposals.

## The London Development Agency Funding for Growth Social Enterprise Loan Fund

Co-operative & Community Finance continued to manage this £1.8m fund in partnership with London Rebuilding Society.

**"We have maintained levels of quality lending into the co-operative business sector"**

## Resilience

This list of achievements is not simply a regurgitation of key performance indicators. More importantly, it is an expression of the resilience of Co-operative & Community Finance and the co-operative sector. We are resilient because:

- The Group has continued to innovate,
- We focus on our core business and continue to lend to good robust co-operative enterprises,
- Co-operative & Community Finance features a great partnership between a strong staff team, and a mature and 'intelligent' Trustee body.

## Farewell

Ken Smith, Co-operative & Community Finance's Project Manager for the Building Communities programme left in May 2009. On behalf of the staff and Trustees, I would like to thank Ken for his contribution to the success of this programme.

Lastly, I would like to make special mention and thanks to Helen Barber of Co-operatives UK who has served as a Trustee for over nine years. She resigned earlier this year, due to the additional pressures of work, by taking on the role of Secretary and Head of Legal Services at Co-operatives UK. Her sharp mind, and knowledge of company law will be missed.

**Dr Guy Turnbull**  
**Co-operative & Community Finance Chair**

# 3 Report of the ICO Fund plc Shareholders' Representative



The ICO Fund plc was launched in 1987 as a subsidiary of ICOF Ltd with the specific purpose of raising capital by public share issue. There was a clear identifiable need for a fund to help support and develop worker co-operatives and employee buyouts across the UK. This was a successful and pioneering approach to ethical investment. It enabled those who were concerned for their local communities to get involved.

The shares offered were 10 year redeemable preference shares and the success was repeated again in 1997 as the fund grew to over £1.1m and again in 2007 when over £1.3m was raised.

Since inception the fund has lent in excess of £3.5 million to over 100 democratically owned and controlled businesses. In 2009, despite the banking crisis and subsequent recession lending increased by 341% to £220,500 demonstrating the robust nature of co-operative enterprises.

Working with the BAXI Partnership this year brought employee buyouts to the fore. Significant loans were made to the employees of West Highland Free Press, a newspaper that has been published on the Isle of Skye for the last 37 years and Clansman Dynamics which designs and builds robotic handling equipment used in forges and foundries all over the world.

This is all made possible by our past and present investors. On behalf of ICO Fund plc I would like to thank everyone for their continued support and for participating in the success of the fund.

## Andy Love MP, Shareholders' Representative, ICO Fund plc

### Shareholders' Representative

Andy Love was re-elected as the representative by shareholders on 26 June 2009. In accordance with the Articles of Association, he retires under article 32b and ICO Fund plc Article 6 (3). He offers himself for re-election in 2010.



The owner of Clansman Dynamics, which makes robotic handling equipment used in foundries across the world, was pleased to sell the business to the employees. Loans from the ICO Fund, the Co-operative Loan Fund and Baxi Partnership helped to secure the deal.



West Highland Free Press, based in Skye, has become the UK's first employee-owned newspaper. Co-operative & Community Finance worked with Baxi Partnership to help ensure that the 37-year-old newspaper remained independent and rooted in the local community.



Community media business Eclectic Productions gives training and opportunities for young people in south London. Co-operative & Community Finance and Triodos Bank provided a joint lending package to enable the social enterprise to buy and refurbish its premises.

# 4 Co-operative & Community Finance Trustees



## Trustees' report

The Trustees present their report and financial statements for the year ended 31 December 2009.

## Trustees

**Tim Blanc**, Co-opportunity & Essential Trading Limited  
**George Conchie**, Co-operative Consultant  
**David Hollings**, CMS Co-operative  
**Sarah Klueter**, The Co-operative Group  
**Andy Love MP**, ICO Fund plc Shareholders' Elected Representative  
**Jon McColl**, Hackney Community Transport  
**Giles Simon**, Co-operatives UK  
**Brian Titley**, Co-operative Assistance Network  
**Guy Turnbull**, Economic Partnerships  
**Britta Werner**, Co-operatives UK - Worker Co-operative Council  
**Jo White**, Co-operative Futures  
**Bruce Wood**, London Rebuilding Society

## Principal activities

The Group's principal activity during the year continued to be providing loans to common ownership companies and co-operatives and also to be a vehicle for channelling loans from public funds to such enterprises.

## Trustees

None of the Trustees had any significant interest in the share capital of the company during the year.

## Elected Trustees

George Conchie (elected 26.06.09)  
Tim Blanc (elected 22.06.09)  
Dave Hollings (elected 26.06.09)  
Jon McColl (elected 27.06.08)  
Brian Titley (elected 27.06.08)  
Guy Turnbull (elected 27.06.08)  
Jo White (elected 22.06.07)  
Bruce Wood (elected 22.06.07)

In accordance with the Articles of Association: Jon McColl, Jo White and Bruce Wood retire by rotation under Article 34. Under Article 32a as revised by adopted resolution at the 2003 AGM the Board of Trustees should be: not more than nine persons elected by and from the membership at the Annual General Meeting, at least three of whom must be members of common ownership or co-operative enterprises which are members of the Company; Therefore there are four elected vacancies.

## Nominated Bodies

Britta Werner, Co-operatives UK – Worker Co-operative Council (nominated 26.06.09)  
Giles Simon, Co-operatives UK (nominated 06.08.09)

In accordance with the Articles of Association: the above retire under Article 35. The nominated body will be asked to provide support for a further year.

## Co-opted Trustees

Sarah Klueter (co-opted 22.10.09)

## Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and the United Kingdom Generally Accepted Accounting Practice.

Trustees are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company and group at the end of the financial year and of the profit or loss of the company and group for the period ending on that date. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements accounts comply with the Companies Act 2006. They have general responsibility for taking such steps that are reasonably open to them to safeguard assets of the company and group and to detect fraud and other irregularities.

Each Trustee has taken steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The Trustees confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

# 5 ICOF Group

## Summary Profit & Loss Account and Balance Sheet



### Group Summary Profit and Loss Account for the year ended 31 December 2009

	2009 £	2008 £
Turnover	265,307	309,641
Administrative expenses	(310,365)	(321,058)
<b>Operating loss</b>	<u>(45,058)</u>	<u>(11,417)</u>
Income from participating interests	144	165
Other interest receivable and similar income	31,732	93,707
Interest payable and similar charges	(5,982)	(16,212)
<b>Loss/Profit on ordinary activities before taxation</b>	<u>(19,164)</u>	<u>66,243</u>
Tax on profit on ordinary activities	2,283	1,384
<b>Loss/Profit for the financial year</b>	<u>(16,881)</u>	<u>67,627</u>

### Group Summary Balance Sheet as at 31 December 2009

	2009 £	2008 £
<b>Fixed assets</b>		
Tangible assets	5,634	6,437
Investments	9,750	8,750
	<u>15,384</u>	<u>15,187</u>
<b>Current assets</b>		
Debtors under one year	301,270	269,542
Debtors over one year	983,242	921,278
Cash at bank and in hand	2,493,062	2,876,443
	<u>3,777,574</u>	<u>4,067,263</u>
<b>Creditors: amounts falling due within one year</b>	<u>(523,832)</u>	<u>(790,443)</u>
<b>Net current assets</b>	<u>3,253,742</u>	<u>3,276,820</u>
<b>Total assets less current liabilities</b>	<u>3,269,126</u>	<u>3,292,007</u>
<b>Creditors: amounts falling due after more than one year</b>	<u>(1,785,134)</u>	<u>(1,791,134)</u>
<b>Net assets</b>	<u>1,483,992</u>	<u>1,500,873</u>
<b>Capital and reserves</b>		
Other reserves	688,513	688,513
Profit and loss account	795,479	812,360
	<u>1,483,992</u>	<u>1,500,873</u>
<b>Equity shareholders' funds</b>	<u>1,483,992</u>	<u>1,500,873</u>

The financial information presented in this report has been taken from the audited financial statements for the year ended 31 December 2009. It does not constitute the company's/group's statutory accounts for the year ended 31 December 2009, or 31 December 2008. If you would like a copy of audited Directors' Report and Financial Statements for the year ended 31 December 2009 they are available from Co-operative and Community Finance, Brunswick Court, Brunswick Square, Bristol BS2 8PE.

# 6 ICO Fund plc

## Summary Profit & Loss Account and Balance Sheet



### ICO Fund plc Summary Profit and Loss Account for the year ended 31 December 2009

	<b>2009</b> £	<b>2008</b> £
Turnover	32,967	54,275
Administrative expenses	(50,177)	(95,825)
<b>Operating loss</b>	<u>(17,210)</u>	<u>(41,550)</u>
Other interest receivable and similar income	3,213	30,097
Interest payable and similar charges	nil	(9,261)
<b>Loss on ordinary activities before taxation</b>	<u>(13,997)</u>	<u>(20,714)</u>
Tax on profit on ordinary activities	2,283	1,384
<b>Loss for the financial year</b>	<u>(11,714)</u>	<u>(19,330)</u>

### ICO Fund plc Summary Balance Sheet as at 31 December 2009

	<b>2009</b> £	<b>2008</b> £
<b>Fixed assets</b>		
Investments	250	250
<b>Current assets</b>		
Debtors under one year	206,938	156,847
Debtors over one year	340,657	375,051
Cash at bank and in hand	810,331	862,012
	<u>1,357,926</u>	<u>1,393,910</u>
<b>Creditors: amounts falling due within one year</b>	<u>(20,046)</u>	<u>(40,316)</u>
<b>Net current assets</b>	<u>1,337,880</u>	<u>1,353,594</u>
<b>Total assets less current liabilities</b>	1,338,130	1,353,844
<b>Creditors: amounts falling due after more than one year</b>	<u>(1,307,634)</u>	<u>(1,311,634)</u>
<b>Net assets</b>	<u>30,496</u>	<u>42,210</u>
<b>Capital and reserves</b>		
Called up share capital	100	100
Profit and loss account	30,396	42,110
<b>Equity shareholders' funds</b>	<u>30,496</u>	<u>42,210</u>

The financial information presented in this report has been taken from the audited financial statements for the year ended 31 December 2009. It does not constitute the company's/group's statutory accounts for the year ended 31 December 2009, or 31 December 2008. If you would like a copy of audited Directors' Report and Financial Statements for the year ended 31 December 2009 they are available from Co-operative and Community Finance, Brunswick Court, Brunswick Square, Bristol BS2 8PE.

**Registered Office**

Brunswick Court, Brunswick Square

Bristol BS2 8PE

tel 0117 916 6750

fax 0117 916 6751

email [info@co-opandcommunityfinance.coop](mailto:info@co-opandcommunityfinance.coop)

**Wales Office**

Llandyfan House, Llandyfan

Carmarthenshire SA18 2TU

tel 01269 851 211

fax 01269 851 095

email [ian.taylor@co-opandcommunityfinance.coop](mailto:ian.taylor@co-opandcommunityfinance.coop)

**Southampton Office**

19 Dover Street, Southampton SO14 6GG

tel/fax 023 8023 1123

email [ian.rothwell@co-opandcommunityfinance.coop](mailto:ian.rothwell@co-opandcommunityfinance.coop)

For more information or to make an online loan application, please visit our website

**[www.co-opandcommunityfinance.coop](http://www.co-opandcommunityfinance.coop)**

Co-operative & Community Finance is the trading name of Industrial Common Ownership Finance Limited, which is authorised and regulated by FSA in the conduct of investment business.

Industrial Common Ownership Finance Limited Company No. 1109141, Registered in England and Wales

Industrial Common Ownership Fund plc Company No. 2137647

ICOF Guarantee Company Limited Company No. 2904326

ICOF Community Capital Limited Society No. 27915R

This report has been designed and printed by worker co-operatives Alpha Communication and Upstream.

It is available in large print format on request.

