

# CO-OPERATIVE & COMMUNITY FINANCE

ICOF COMMUNITY CAPITAL LIMITED



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## ANNUAL REVIEW 2009

# About ICOF Community Capital Limited

**ICOF Community Capital Limited (ICC) was established as an Industrial & Provident society in 1994 by Co-operative & Community Finance - the lender for social purpose.**

It is an investment society offering individuals and organisations withdrawable membership shares, and its capital is used to provide loan finance to a wide range of community businesses, local enterprise development companies, social enterprises and co-operatives.

ICC invests in social businesses that are viable and operate in a commercially effective manner. It is managed by Co-operative & Community Finance which recognises that the level of profitability of such enterprises may be constrained by the achievement of social or environmental benefit and its investors share this recognition. It offers an ethical investment opportunity with a priority for people rather than profit.

## About Co-operative & Community Finance

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

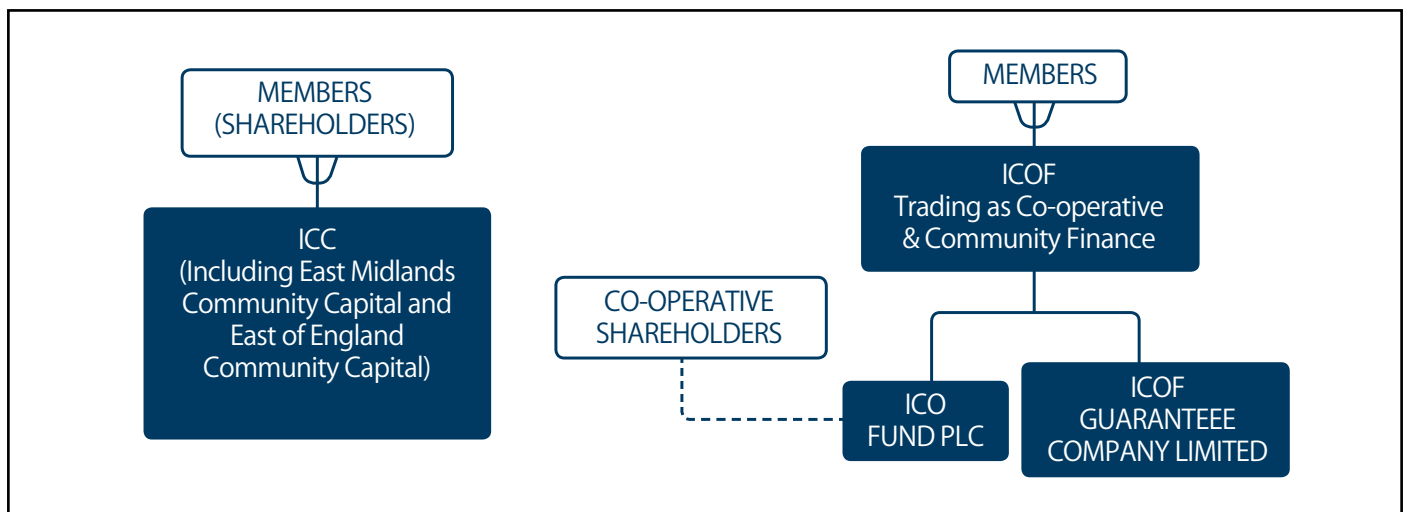
We exclusively serve the co-operative and social enterprise sector, and for almost 40 years we have supported hundreds of businesses ranging from small community-run enterprises to large award-winning organisations. Through the provision of accessible finance we have helped to create and preserve thousands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

## Our 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.



# Chair's report on behalf of the Directors



**I am pleased to offer my first annual report as Chair of ICC, covering the financial and calendar year 2009. This 16th Annual Report is directed at the members of ICC.**

## Lending

ICC 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. Despite this, loans released in 2009 amounted to £135,000 – the same as 2008.

## Village CORE Programme

In 2009 I am delighted to report that the Village CORE programme was extended, which means that even more rural communities will benefit from its support.

The programme was initially launched three years ago in partnership with the Plunkett Foundation and the Esmee Fairburn Foundation. It was scheduled to end in 2009 but has been extended for a further three years. By the end of 2009 loans under the scheme had topped £770,000 to 46 community owned shops.

The success of our partnership with the Plunkett and Esmee Fairburn Foundations in developing village shop methodology has not only resulted in increased lending to a new market, but communities retaining valuable services. With partners we are looking to replicate its success to support the retention of other community assets such as pubs.

## A diverse loan portfolio

With a remit to lend in a wider market than just workers co-operatives, ICC continues to develop a diverse loan portfolio.

A notable example this year is that of Chipping Norton Lido, a charity that maintains the provision of an open air heated swimming pool and recreational area for the benefit of the inhabitants of Chipping Norton and the surrounding villages. The loan was used to help replace an old gas boiler currently used to heat the main pool, with a ground source heating system and associated photo-voltaic solar panels.

## Resilient

ICC continues to be resilient in the main because

- The society has continued to innovate,
- We focus on our core business and continue to lend to good robust community enterprises. Despite a challenging trading environment, we have continued to lend to the 'right' businesses – our default rates remain the envy of others, both within and outwith the sector,
- ICC features a great partnership between a strong staff team, and a mature and 'intelligent' Board.

## Thanks

I would like to thank my predecessor, Jon McColl for all his hard work over his five-year tenure as Chair.

Lastly, I would like make special mention and thanks to Helen Barber of Co-operatives UK who has served as a director 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 Industrial and Provident Society law will be missed.

**Dr Guy Turnbull, ICC Chair**

# ICOF Community Capital Limited Directors

## Elected Directors

**Tim Blanc**, Co-opportunity & Essential Trading Ltd

**George Conchie**, Co-operative Consultant

**David Hollings**, CMS Co-operative

**Jon McColl**, Hackney Community Transport

**Brian Titley**, Co-operative Assistance Network

**Guy Turnbull**, Economic Partnerships

**Jo White**, Co-operative Futures

**Bruce Wood**, London Rebuilding Society

In accordance with the Rules of ICOF Community Capital Limited it is necessary for one third of the elected Directors, or if their number is not divisible by three, the number nearest one third, to retire from office. Therefore Jon McColl, Jo White and Bruce Wood retire by rotation, which leaves up to six vacancies

Under the Rules adopted at the 2003 AGM Rule 53 states:

1. The composition of the Board of Directors shall be as follows:

(a) up to eleven persons elected by and from the membership; and

(b) up to four persons appointed by Industrial Common Ownership Finance Limited (or such body as may succeed to its functions);

provided that at no time shall the number of appointed Directors exceed the number of elected Directors.

## ICOF Limited Nominated Directors

**Sarah Klueter**, The Co-operative Group

**Giles Simon**, Co-operatives UK

**Britta Werner**, Co-operatives UK – Worker Co-operative Council

## Staff

The Society has no staff. Loan fund management is undertaken by contractual agreement with ICOF.

## Directors' report

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

## Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Industrial and Provident Society law requires the directors to prepare financial statements for each financial year.

The society's financial statements are required by law to present fairly the financial position and the performance of the society. In preparing those financial statements directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the society will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position and performance of the society and enable them to ensure the financial statements comply with the Industrial and Provident Societies Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Principal activity

The principal activity of the society is to provide loans to social economy businesses.

# Borrower Profiles

## Chipping Norton Lido

Chipping Norton Lido is 'more than just a heated swimming pool' as its publicity states. It's a rare and much loved community facility that is set to become a leader in innovative green technology - helped by a loan from ICC.

For several years the lido was under the threat of closure, but with a combination of strong local support, vigorous fund raising and effective publicity it has become a successful and award-winning community enterprise.

At the end of the season in 2009, major work started on replacing the heating and filtration systems with the latest green technology including ground source heating and photo-voltaic panels. The lido would receive grant funding to cover most of the costs once the work was completed but it needed a loan to get the project underway.

In 2010 the swimming pool will be heated to a minimum of 26°C allowing the swimming season to be extended and yet using less energy.



## Mortimer Country Stores



Mortimer Country Stores is a community co-operative serving the village of Wigmore in Herefordshire. It opened in 2008, having received a package of consultancy, grant funding and a loan (from ICC) as part of the Village CORE programme. The ethos of the shop is to support local suppliers and in 2009 ICC provided a top-up loan for working capital so that the shop could stock more local produce. Approximately 60% of the stock comes from local producers within 30km of the village.

Mortimer Country Stores is a beacon in the new Community Shops Network and has given help and support to nearby communities.

## Little Milton community shop, cafe and post office

In September 2009 a new extension to the village hall was opened in the South Oxfordshire village of Little Milton, bringing together a range of community facilities under one roof. ICC provided a loan to the industrial and provident society that runs the shop, cafe and post office as part of a package of support provided by the Village CORE programme and other funders and supporters.

# ICOF Community Capital Limited Profit and Loss Account

## ICOF Community Capital Limited Summary Profit and Loss Account for the year ended 31 December 2009

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Turnover	33,263	54,492
Administrative expenses	(67,905)	(73,197)
Other operating income	10,000	nil
<b>Operating Loss/Profit</b>	<u>(26,642)</u>	<u>(18,705)</u>
Other interest receivable and similar income	862	7,008
Interest payable and similar charges	(607)	(9,062)
<b>Loss/Profit on ordinary activities before taxation</b>	<u>(24,387)</u>	<u>(20,759)</u>
Tax on profit on ordinary activities	5,706	2,546
<b>Loss/Profit for the financial year</b>	<u>(18,681)</u>	<u>(18,213)</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 Society'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.

# ICOF Community Capital Limited Balance Sheet

## ICOF Community Capital Summary Balance Sheet as at 31 December 2009

	<b>2009</b> £	<b>2008</b> £
<b>Fixed assets</b>		
Investments	97,000	97,000
<b>Current assets</b>		
Debtors under one year	108,920	106,139
Debtors over one year	408,871	491,487
Cash at bank and in hand	225,052	188,484
	<u>742,843</u>	<u>786,110</u>
<b>Creditors: amounts falling due within one year</b>	(4,798)	(17,814)
	<u>738,045</u>	<u>768,296</u>
<b>Net current assets</b>	738,045	768,296
<b>Total assets less current liabilities</b>	835,045	865,296
<b>Creditors: amounts falling due after more than one year</b>	(97,000)	(97,000)
	<u>738,045</u>	<u>768,296</u>
<b>Net assets</b>	738,045	768,296
<b>Funding and reserves</b>		
Funding	755,327	766,897
Profit and loss account	(17,282)	1,399
	<u>738,045</u>	<u>768,296</u>
<b>Equity shareholders' funds</b>	738,045	768,296

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**CO-OPERATIVE &  
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ICOF COMMUNITY CAPITAL LIMITED

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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 ICOF Community Capital Limited Society No. 27915R

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