



CO-OPERATIVE & COMMUNITY FINANCE

supportive lending since 1973

ANNUAL

REVIEW

2014

THE LENDER FOR SOCIAL PURPOSE

Providing supportive lending

Co-operative & Community Finance provides supportive lending 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 over 40 years we have supported many hundreds of businesses ranging from small community-run enterprises to large award-winning organisations. We have helped to create and preserve thousands of jobs within the social enterprise sector and supported the set up of many new and innovative co-operatives, employee buyouts and community enterprises.

We are the oldest Community Development Finance Institution (CDFI) in the UK and it has been our role since 1973 to encourage, nurture and support the co-operative, community and social enterprise sector.

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

We currently have over £3m of our own capital to lend, available to those that practise or support the principles of co-operation, social ownership and sustainable development. All the money that we lend comes from individuals and organisations that support our mission. As we are authorised and regulated by the FCA we are also able to manage a number of loan funds on behalf of other lenders.

When finance is needed to set up a new venture, expand an existing one, 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 is democratically owned and controlled by its borrower and investor members.

As well as providing finance, we offer free business support to our borrowers throughout the terms of their loans.

We 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 succeed, contact us using the details given on the back page of this report.



Four Corners



Oxford Wood Recycling

This annual review includes three separate summary financial statements in one document, as follows:

ICOF Group	pages 4-5
ICO Fund plc	pages 6-7
ICOF Community Capital Ltd	pages 8-9

Information about the Trustees and Directors of the different organisations can be found on pages 10-11.

Our staff



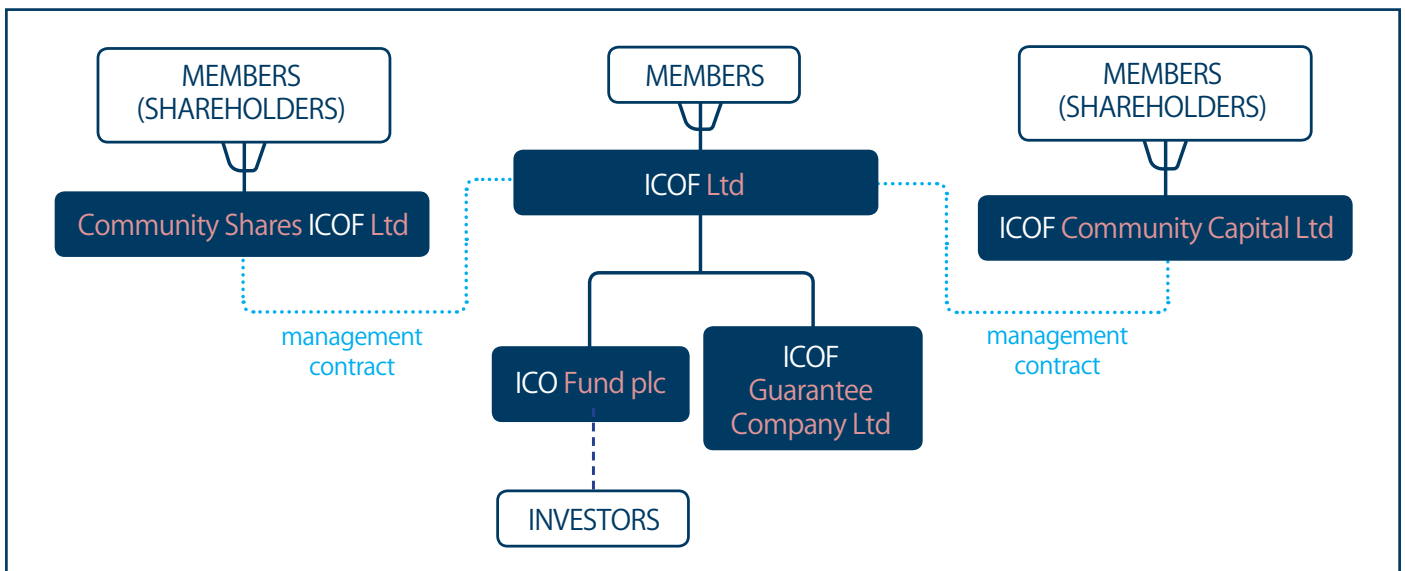
Our structure

Co-operative & Community Finance is the trading name of ICOF Ltd which has two subsidiary companies, ICOF Guarantee Company Ltd and Industrial Common Ownership Fund plc (ICO Fund plc).

ICOF Community Capital Ltd (Community Capital) and Community Shares ICOF Ltd (CSI), which was set up in January 2012, are free standing community benefit societies. ICOF acts as fund manager for these societies. See diagram below.

Membership of ICOF Ltd is open to any individual or organisation that supports our aims and who pays a one-off membership fee (currently £30). All our borrowers automatically become members.

Membership of Community Capital is open to individuals or organisations that have bought shares in the society. The minimum investment is currently £250. Membership of CSI is open to organisations that have bought shares in the society.





I am pleased to present my fourth annual report as Chair of ICOF Group. This is the 42nd Annual Report and is directed at the members of ICOF and the co-operative shareholders of ICO Fund plc.

During 2014 ICOF continued to meet its stated constitutional objectives of lending to co-operatives, employee-owned businesses, social firms, social enterprises and development

trusts throughout mainland UK, and thereby enabling people to take more control of their own economic lives.

A significant year of growth

Lending for the group in 2014 reached £632,000, which was an increase on the record seen last year. Loan balances at the end of the year stood at £1.87m. Demand was strong following our 40th anniversary celebrations in 2013. These results were buoyed by increased lending across the various co-operative sectors including housing, employee ownership and community-owned businesses.

Our borrowers included Oxford Wood Recycling, a community business based in Oxford. They offer a waste wood collection service to businesses and are a reseller of recovered waste wood for DIY, construction and gardening. Their stated aims include increasing the amount of wood diverted from landfill and incineration, for recycling and reuse and to provide employment and volunteering opportunities for those people facing real barriers to working.

We also supported Four Corners, who are a long established media resource for production and training in photography and film. Based in East London they have been supporting filmmakers and artists and offering work placement for over 34 years. They offer five floors of office and work space and are home to 20 creative businesses.

Income for the year was on a par with last at £262,000 although loan interest began to climb reflecting the busy lending year.

Expenditure fell by 2% year on year demonstrating tight control of our cost base.

General provisions increased by £6,059 in line with lending and with write offs to capital of £6,323 this meant the group made a loss of £12,877.

The group enjoyed a third year of no specific provisions for lending losses.

We are happy to say that further to the contingent liability note on last year's accounts all claims have either been settled or provided for and the appropriate loan capital adjustments have been made through these accounts.

Though the general economy has shown tentative growth, conditions remain incredibly tough for all businesses. Co-operative and mutual structures have shown themselves to be more resilient than most, borne out by the fact that the group has experienced no lending losses for the past three years.

The Co-operative Loan Fund

2014 was another successful year for the Fund with advances of £373,000 made to 12 co-operative enterprises. This was the second busiest year in terms of lending and Co-operative & Community Finance continued to manage the Fund that has representation on its board and is funded by retail co-operative societies. These include the Co-operative Group, Midcounties Co-operative Society, East of England Co-operative Society, Chelmsford Star Society and Co-operative Financial Services.

The Community Shares Fund

This Fund was set up in 2012 by Co-operative & Community Finance, with funds from The Co-operative Enterprise Hub, specifically to support community-owned enterprises seeking to raise investment through a community share issue. In 2014 we supported two community share issues, investing £92,000.

London Development Agency (SME)

Wholesale Finance Loan Fund

This year saw the contracted end of this £1.8m fund that Co-operative & Community Finance has managed since 2004.

Back Office

Co-operative & Community Finance continued to expand back-office services for Big Issue Invest and Radical Routes.

And finally ...

None of this would be possible without the staff and Trustees and I would like to give my thanks to them for their hard work and dedication throughout the year. We look forward to a busy 2015 continuing to provide finance to the co-operative and community sectors.

Jo White
Chair of ICOF Group

ICOF Group

Summary Profit & Loss Account and Balance Sheet

Group Summary Profit and Loss Account for the year ended 31 December	2014	2013
	£	£
Turnover	261,636	260,860
Administrative expenses	(262,131)	(266,396)
Operating profit/(loss)	(495)	(5,536)
Increase in general provisions	(6,059)	1,253
Write off to capital	(6,323)	2,064
Profit/(loss) on ordinary activities before taxation	(12,877)	(2,219)
Tax on profit/(loss) on ordinary activities	nil	nil
Profit/(loss) for the financial year	(12,877)	(2,219)

Group Summary Balance Sheet as at 31 December	2014	2013
	£	£
Fixed assets		
Tangible assets	7,585	9,113
Investments	221,821	180,052
	<u>229,406</u>	<u>189,165</u>
Current assets		
Debtors under one year	401,224	329,648
Debtors over one year	1,438,915	1,269,388
Cash at bank and in hand	1,044,909	1,771,973
	<u>2,885,048</u>	<u>3,371,009</u>
Creditors: amounts falling due within one year	(649,644)	(1,071,987)
Net current assets	2,235,404	2,299,022
Total assets less current liabilities	2,464,810	2,488,187
Creditors: amounts falling due after more than one year	(1,118,583)	(1,129,083)
Net assets	1,346,227	1,359,104
Capital and reserves		
Other reserves	436,191	436,191
Profit and loss account	910,036	922,913
Equity shareholders' funds	1,346,227	1,359,104

The financial information presented in this report has been taken from the audited financial statements for the year ended 31 December 2014. It does not constitute the group's statutory accounts for the year ended 31 December 2014, or 31 December 2013. If you would like a copy of the audited Directors' Report and Financial Statements for the year ended 31 December 2014 they are available from Co-operative & Community Finance, Brunswick Court, Brunswick Square, Bristol BS2 8PE.

ICO Fund plc

Report by 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 in 1997 as the fund grew to over £1.1m and again in 2007 when over £1.3m was raised.

2014 proved to be another extremely strong year with £394,000 of support provided to co-operative businesses that brought the portfolio to £907,340 at the end of the year. As a result, turnover increased by 25% to £53,177 and correspondingly administrative expenses increased in line with the demand for our services. However, such buoyant lending necessitated an increase in the general provision of £5,949 and further to a write off to capital of £2,750 the result for the year was a loss for the company of £6,234 (2013 – (loss) £8,603).

Importantly, since the beginning of the fund over £5m has been lent meaning that every £1 invested has been on lent five times.

Some notable examples of lending this year included:

- Ecosulis – a Bath-based employee-owned environmental and ecological consultancy. They provide services such as impact assessment and mitigation, protected species survey assessment and habitat creation with clients such as the Environment Agency and local and regional authorities.
- Biomass Energy Coop – based in Manchester distributing and installing wood burning biomass boilers throughout the UK.
- The Peninsula Trust - founded in March 2014 to support the community of the Rame Peninsula in south east Cornwall. This, their first project, was to buy a large semi-derelict building and create a community hub - The Rame Centre. It will host a wide range of activities and services to address the problems of poor local authority services creating wider opportunities for the community.



Biomass Energy Coop

Shareholders will be aware that no dividend had been paid on their investments since 2008. While there have been no lending losses to the fund in the last three years the previous years of recession have seen losses that hampered the Board's ability to recommend a dividend. As the profit and loss account remains in a negative position the Board are unable to recommend a dividend for 2014.

Providing over £5m in financial help to co-operative and employee owned businesses has all been made possible by our investors both past and present.

On behalf of ICO Fund plc I would like to thank everyone for their continued support.

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

Shareholders' Representative

Andy Love was re-elected as the representative by shareholders on 27 June 2014. 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 2015.

ICO Fund plc

Summary Profit & Loss Account and Balance Sheet

ICO Fund plc Summary Profit and Loss Account for the year ended 31 December	2014	2013
	£	£
Turnover	53,177	42,724
Administrative expenses	(54,206)	(49,917)
Operating profit/(loss)	(1,029)	(7,193)
Increase in general provisions	(5,949)	(6,628)
Write off to capital	(2,750)	nil
Income from investments and interest receivable	3,494	5,218
Profit/(loss) on ordinary activities before taxation	(6,234)	(8,603)
Tax on profit/(loss) on ordinary activities	nil	nil
Profit/(loss) for the financial year	(6,234)	(8,603)

ICO Fund plc Summary Balance Sheet as at 31 December	2014	2013
	£	£
Fixed assets		
Investments	61,574	40,807
Current assets		
Debtors under one year	177,456	140,590
Debtors over one year	712,435	525,983
Cash at bank and in hand	338,200	583,459
	1,228,091	1,250,032
Creditors: amounts falling due within one year	(22,400)	(22,340)
Net current assets	1,205,691	1,227,692
Total assets less current liabilities	1,267,265	1,268,499
Creditors: amounts falling due after more than one year	(1,283,283)	(1,278,283)
Net (liabilities)	(16,018)	(9,784)
Capital and reserves		
Called up share capital	100	100
Profit and loss account	(16,118)	(9,884)
Shareholders' funds	(16,018)	(9,784)

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ICOF Community Capital Ltd

Chair's report on behalf of the Directors

I am pleased to offer my fourth annual report as Chair of ICOF Community Capital Ltd, covering the financial and calendar year 2014. This 21st Annual Report is directed at the members of ICOF Community Capital Ltd.

ICOF Community Capital Ltd 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, social enterprises and co-operatives.



The Fox and Hounds

In 2014 ICOF Community Capital Ltd continued to support a growing number of communities in the UK seeking to deliver solutions to local needs. These communities are establishing real businesses that run as efficient and effective enterprises that serve the communities in which they are based.

Another lending milestone

Demand for our services in 2014 was high. We saw an increase in lending of 83% to £302,000 with loan balances at the end of the year standing at £664,328. That said the lending performance was not mirrored in the financial performance of the society.

Further to buoyant demand turnover increased to £27,349 (20%). Despite this the society made a loss for the year of £13,202. The surge in lending meant that an increase in specific provisions of £5,035 was required at the year-end along with a write off to capital of £5,918 in relation to the 2013 contingent liability on the group accounts.

While this was a disappointing performance given the jump in lending, results moving forward will be bolstered by the significant lending seen in 2014 underlined by the 20% growth in turnover.

A diverse loan portfolio

Notable stories among the lending this year were The Fox and Hounds Community Co-operative in Denmead, Hampshire. The village pub was being run down and scheduled for demolition. The residents formed a co-operative, registered the pub as an asset of community value and with the help of ICOF Community Capital Ltd and their share issue raised enough funds to buy the building. It is now a thriving community hub.

Another significant loan was to Fresh Horizons, a development trust based in Huddersfield. They help people access support services that include training and employment, community buildings and housing. We have had a long relationship with the organisation and these funds were used to refurbish three properties to bring them back in to residential use for the community.

Looking forward

We never fail to be amazed at the diversity and innovation demonstrated by our existing borrowers and it inspires us to make sure that the services and support we provide will help them go from strength to strength. As such ICOF Community Capital Ltd continues to help provide communities with the incentive and opportunity to make their projects happen.

And finally ...

I would like to take this opportunity to express my thanks for the work over the past year of the ICOF staff team and my fellow Directors.

Jo White
Chair of ICOF Community Capital Ltd



Fresh Horizons

ICOF Community Capital Ltd

Summary Profit & Loss Account and Balance Sheet

ICC Summary Profit and Loss Account for the year ended 31 December	2014	2013
	£	£
Turnover	27,349	22,772
Administrative expenses	(31,587)	(30,365)
Operating profit/(loss)	(4,238)	(7,593)
Increase in general provisions	(5,035)	(295)
Write off to capital	(5,918)	nil
Income from investments and interest receivable	2,474	2,951
Interest payable	(485)	(485)
Profit/(loss) on ordinary activities before taxation	(13,202)	(5,422)
Tax on profit/(loss) on ordinary activities	nil	nil
Profit/(loss) for the financial year	(13,202)	(5,422)

ICC Summary Balance Sheet as at 31 December	2014	2013
	£	£
Fixed assets		
Investments	158,324	137,557
Current assets		
Debtors under one year	217,857	66,275
Debtors over one year	434,733	387,978
Cash at bank and in hand	nil	218,253
	652,590	672,506
Creditors: amounts falling due within one year	(2,843)	(1,740)
Net current assets	649,747	670,766
Total assets less current liabilities	808,071	808,323
Creditors: amounts falling due after more than one year	(97,000)	(97,000)
Net assets	711,071	711,323
Funding and reserves		
Funding	737,374	724,424
Profit and loss account	(26,303)	(13,101)
Equity shareholders' funds	711,071	711,323

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Co-operative & Community Finance Trustees

Trustees

John Atherton, Co-operatives UK
Tim Blanc, Co-opportunity & Essential Trading
George Conchie, Co-operative Consultant
Richard Crook, Essential Trading
Andrew Harrison, Co-ownership Solutions
David Hollings, CMS Co-operative
Victoria Knott, Unicorn Grocery
Andy Love MP, ICO Fund plc Shareholders' Elected Representative
Jon McColl, Hackney Community Transport
Brian Titley, Co-operative Assistance Network
Guy Turnbull, Care & Share Associates
Sion Whellens, Calverts
Jo White, Co-operative Futures
Bruce Wood, Co-operative Consultant

Principal activities

The group's principal activities during the year continued to be providing loans to co-operatives, employee buyouts and community enterprises and also to be a vehicle for channeling loans from public funds to such enterprises.

Trustees

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

Elected Trustees

Tim Blanc (elected 27.06.14)
George Conchie (elected 28.06.12)
Dave Hollings (elected 28.06.12)
Jon McColl (elected 27.06.14)
Brian Titley (elected 28.06.13)
Guy Turnbull (elected 27.06.14)
Sion Whellens (elected 28.06.12)
Jo White (elected 28.06.13)
Bruce Wood (elected 28.06.13)

In accordance with the Articles of Association: George Conchie, Dave Hollings and Sion Whellens 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 three elected vacancies.

Trustees from nominated bodies

John Atherton, Co-operatives UK (nominated 27.06.14)
Richard Crook, Co-operatives UK – Worker Co-operative Council (nominated 27.06.14)

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

Andrew Harrison, Co-ownership Solutions (co-opted 27.06.14)
Victoria Knott, Unicorn Grocery (co-opted 27.06.14)

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 judgments 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 the 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.

ICOF Community Capital Ltd **Directors**

Directors

John Atherton, Co-operatives UK
Tim Blanc, Co-opportunity & Essential Trading
George Conchie, Co-operative Consultant
Richard Crook, Essential Trading
Andrew Harrison, Co-ownership Solutions
David Hollings, CMS Co-operative
Victoria Knott, Unicorn Grocery
Jon McColl, Hackney Community Transport
Brian Titley, Co-operative Assistance Network
Guy Turnbull, Care & Share Associates
Sion Whellens, Calverts
Jo White, Co-operative Futures
Bruce Wood, Co-operative Consultant

Principal activity

The principal activity of ICOF Community Capital Ltd is to provide loans to social economy businesses.

Elected Directors

Tim Blanc (elected 27.06.14)
George Conchie (elected 28.06.12)
Andrew Harrison (elected 27.06.14)
Dave Hollings (elected 28.06.12)
Jon McColl (elected 27.06.14)
Brian Titley (elected 28.06.13)
Guy Turnbull (elected 27.06.14)
Sion Whellens (elected 28.06.12)
Jo White (elected 28.06.13)
Bruce Wood (elected 28.06.13)

In accordance with the Rules of ICOF Community Capital Ltd 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 George Conchie, Dave Hollings and Sion Whellens retire by rotation, which leaves up to four 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 11 persons elected by and from the membership; and
 - (b) up to four persons appointed by Industrial Common Ownership Finance Ltd (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.

Directors appointed by ICOF Ltd

John Atherton, Co-operatives UK (nominated 27.06.14)
Richard Crook, Co-operatives UK – Worker Co-operative Council (nominated 27.06.14)
Victoria Knott, Unicorn Grocery (co-opted 27.06.14)

Staff

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

Directors' responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society and of the surplus or deficit of the society for that period.

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, the 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 that disclose with reasonable accuracy at any time the financial position of the society and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It has general responsibility for taking reasonable steps to safeguard the assets of the society and to prevent and detect fraud and other irregularities.

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



CO-OPERATIVE & COMMUNITY FINANCE

supportive lending since 1973

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

Industrial Common Ownership Finance Limited,
Company No. 1109141

Industrial Common Ownership Fund plc,
Company No. 2137647

ICOF Guarantee Company Limited,
Company No. 2904326

ICOF Community Capital Limited,
Society No. 27915R

Community Shares ICOF Limited,
Society No. 031524

This report has been designed and printed by worker co-operatives Alpha Communication and Upstream. It is available in large print format on request.

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www.coopfinance.coop

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