

**CO-OPERATIVE &  
COMMUNITY FINANCE**  
supportive lending since 1973

# ANNUAL REPORT 2018



**COOP BOOKSHOP BUYS BANK!**



# 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 community sector, and for almost 50 years we have supported many hundreds of businesses ranging from small community-run enterprises to large award-winning organisations.

We offer flexible terms and never require personal guarantees. Our profits are reinvested to enable us to continue our work.

We currently have over £4m of our own capital to lend, available to those that practice or support the principles of co-operation, social ownership and sustainable development. We also manage a number of other loan funds on behalf of other lenders, co-operatives and local authorities.

When finance is needed to set up a new venture, expand an existing one, save a community asset, turn a conventional business into a social one or a private business into an employee-owned firm, 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.

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

## Our structure

Co-operative & Community Finance is the trading name of the ICOF family of businesses. The first company, Industrial Common Ownership Finance Ltd, was set up in 1973 and we have since created a number of related funds, all of which are democratically owned and controlled.

ICOF Ltd has two subsidiary companies: ICOF Guarantee Company Ltd and Industrial Common Ownership Fund plc (ICO Fund plc).

ICOF Community Capital Ltd (ICC) is a free standing community benefit society. ICOF Ltd acts as fund manager for this society.

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 ICC is open to individuals or organisations that have bought shares in the society. The minimum investment is currently £250.

## Our staff

**Alain Demontoux**, Operations and FCA Compliance Manager  
**Anne Wilks**, Accounting and Administration Manager  
**Ian Rothwell**, Investment Manager  
**Tim Coomer**, Business Development Manager

## Our partnerships

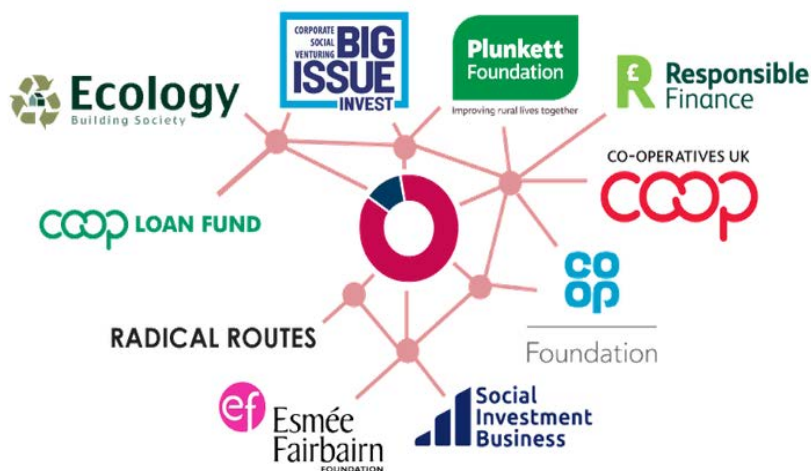
We've been successfully managing funds and making loans in a specialist market for almost 50 years.

We are the oldest Community Development Finance Institution (CDFI) in the UK and, we believe, one of the most successful and sustainable. We are also one of the very few CDFIs that is authorised and regulated by the Financial Conduct Authority in the conduct of investment business which means we can manage other organisations' loan funds.

When it comes to managing funds, assessing risks and minimising losses while maximising social impact... we know what we're doing.

We want to share our expertise and experience with organisations – large or small, local or regional, national or international – that share our values.

We offer a flexible portfolio of services to loan funds, micro-finance institutions and other lenders. These can range from discreet back office services to comprehensive management and investment services.





# Welcome by Jon Nott, Chair of ICOF Group and ICOF Community Capital



I am pleased to present my first Annual Report as Chair and the 46th ICOF Group Annual Report which is directed at the members of ICOF Limited and the co-operative shareholders of ICO Fund plc. I am also pleased to present the 25th Annual Report to members of ICOF Community Capital Ltd.

## ICOF Group

During the year ICOF Group continued to meet its stated constitutional objectives of lending to cooperatives, employee owned and

community businesses, social firms and development trusts, thereby enabling people to take more control of their own economic lives.

Lending for the Group grew strongly in 2018, totalling £457,000.

Underpinning this growth was the demand being stimulated by the More Than A Pub programme, which was set up in 2016 to support community ownership of pubs across England. This two-year programme is funded by the Ministry of Housing, Communities and Local Government and Power to Change and is delivered by the Plunkett Foundation. Co-operative & Community Finance arranges loan finance for groups that have successfully attracted local investment, usually in the form of community shares. In 2018 we supported a further 6 community pubs under the scheme that has levered £750,000 of capital into the organisation.

Other lending included to Organised Kaos Youth Circus. Operating from the old church hall in Gwaun Cae Gurwen, a former pit village in South Wales, that was disused and derelict, Organised Kaos has helped to revive the local community by teaching circus skills to children and young adults. Over the last 10 years the company has built a national reputation for excellence and has staged high profile performances at major venues including the O2 Arena in London and the Millennium Stadium in Cardiff.

In 2018 we also provided support to the Co-op Foundation to develop their own fund and continued to support investment readiness grants through the Reach Fund.

Looking at the Group performance, turnover increased on the previous year and expenses were on budget, although provisions against loan losses of £136,027 were required in ICOF Ltd hampering the Group performance. Other operating income included £202,500, representing the 3rd capital tranche in relation to The More Than A Pub Fund.

Further to its activities the Group made a profit on ordinary activities after taxation of £47,205 (2017:£76,600).

## ICOF Community Capital Ltd

ICOF Community Capital Ltd (ICC) 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.

Loans in the year included October Books, a co-operative bookshop (see cover), established in 1977 and named after the Russian Revolution, who used the funds to buy the former NatWest Bank building after raising nearly £0.5m through a combination of loan stock, crowd funding, personal loans, gifts and of course, a loan from ICOF Community Capital. On moving day over 250 people formed a human chain to help move its stock to its new premises. After an appeal to the local community some 20,000 books were transferred by volunteers 150 metres from the old shop.



Moving shop!

Financial performance in 2018 produced a profit on ordinary activities after tax of £3,837, (2017 (£51,938)) and the balance sheet improved, with net assets of £890,425 (2017 £677,818) and a loan portfolio of £531,630 (2017 £458,881).

2018 saw the soft launch of our new share offer document which boosted investment in the society by over £200k which significantly strengthened the balance sheet.

In line with the business plan, we will be promoting the share offer more extensively toward the end of 2019 in order to fund the society's future plans.

The Directors are delighted to be able to propose an interest payment on investments of 0.25%. This will be taken to the AGM for approval by the shareholders.

## And finally ...

I would like to take this opportunity to express my thanks to my predecessor, Jo White, for her tireless work as both Chair, Director and Trustee over the last 15 years! I would also like to thank both the staff team and my fellow Trustees and Directors for all their hard work over the past year.

May I also welcome Dan Holden from Unicorn Grocery to our Board who was elected in June.

We look forward to a busy 2019 continuing to provide supportive finance to the co-operative and community business sectors.

# ICOF Group

## Consolidated Summary Financial Statements

Consolidated statement of comprehensive income for the year ended 31 December	2018	2017
	£	£
Turnover	301,722	296,709
Administrative expenses	(487,530)	(448,387)
<b>Operating profit/(loss)</b>	<b>(185,808)</b>	<b>(151,678)</b>
Other operating income	217,500	226,750
Income from investments	5,631	4,094
Interest receivable	4,427	794
Interest payable	(5,000)	(5,000)
Finance income	10,455	1,640
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>47,205</b>	<b>76,600</b>
Other comprehensive income (capital contribution redeemable preference shares)	-	530,353
<b>Total comprehensive income</b>	<b>47,205</b>	<b>606,953</b>

Consolidated Balance Sheet as at 31 December	2018	2017
	£	£
<b>Fixed assets</b>		
Tangible assets	6,302	6,477
Investments	176,888	169,060
	183,190	175,537
<b>Current assets</b>		
Debtors under one year	265,580	280,088
Debtors over one year	1,999,839	1,870,614
Cash at bank and in hand	2,480,725	2,734,271
	4,746,144	4,884,973
<b>Creditors: amounts due within one year</b>	<b>(1,436,639)</b>	<b>(1,678,824)</b>
<b>Net current assets</b>	<b>3,309,505</b>	<b>3,206,149</b>
<b>Total assets less current liabilities</b>	<b>3,492,695</b>	<b>3,381,686</b>
<b>Creditors: amounts due after one year</b>	<b>(1,186,908)</b>	<b>(1,123,104)</b>
<b>Net assets</b>	<b>2,305,787</b>	<b>2,258,582</b>
<b>Capital and reserves</b>		
Other funds	1,013,691	811,191
Capital reserve	478,600	520,308
Profit and loss account	813,496	927,083
<b>Shareholders' funds</b>	<b>2,305,787</b>	<b>2,258,582</b>

The financial information presented in this report has been taken from the audited financial statements for the year ended 31 December 2018. It does not constitute the group's statutory accounts for the year ended 31 December 2018, or 31 December 2017. If you would like a copy of the audited Directors' Report and Financial Statements for the year ended 31 December 2018 they are available from Co-operative & Community Finance, Brunswick Court, Brunswick Square, Bristol BS2 8PE.

# ICOF Community Capital Ltd

## Summary Financial Statements

### Profit and Loss Account for the year ended 31 December

	2018	2017
	£	£
Turnover	25,858	29,512
Administrative expenses	(25,483)	(108,693)
<b>Operating profit/(loss)</b>	<b>375</b>	<b>(79,181)</b>
Income from investments	760	860
Interest receivable	1,480	36
Finance income	2,260	26,650
Interest payable	(606)	(303)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>3,837</b>	<b>(51,938)</b>
Tax on profit/(loss) on ordinary activities	nil	nil
<b>Profit/(loss) on ordinary activities after taxation</b>	<b>3,837</b>	<b>(51,938)</b>

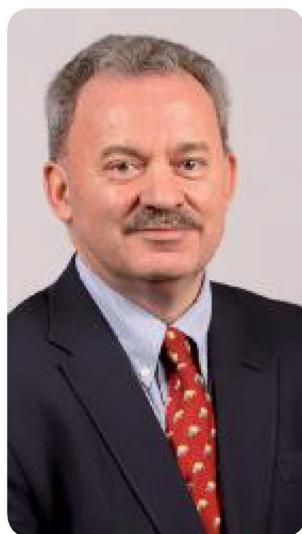
### Balance Sheet as at 31 December

	2018	2017
	£	£
<b>Fixed assets</b>		
Investments	117,000	117,000
<b>Current assets</b>		
Debtors under one year	51,775	49,618
Debtors over one year	479,855	409,263
Cash at bank and in hand	322,317	178,444
	853,947	637,325
<b>Creditors: amounts due within one year</b>	<b>(2,040)</b>	<b>(1,980)</b>
<b>Net current assets</b>	<b>851,907</b>	<b>635,345</b>
<b>Total assets less current liabilities</b>	<b>968,907</b>	<b>752,345</b>
<b>Creditors: amounts due after one year</b>	<b>(78,482)</b>	<b>(74,527)</b>
<b>Net assets</b>	<b>890,425</b>	<b>677,818</b>
<b>Funding and reserves</b>		
Funding	945,761	736,991
Profit and loss account	(55,336)	(59,173)
<b>Shareholders' funds</b>	<b>890,425</b>	<b>677,818</b>

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# ICO Fund plc

## Report by shareholders' representative Andy Love



The ICO Fund plc was launched in 1987 as a subsidiary of ICOF Limited 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 cooperatives and employee buyouts across the UK. This was a successful and pioneering approach to ethical investment which enabled those who were concerned about their local communities to get involved.

2017 was the 10 year anniversary of the last issue, and as such, that ten year tranche of shares became available for redemption.

Whilst we did not invite investment for a further 10 years we did raise further investment outside of the existing shareholder base that has facilitated redemptions as and when they have been requested. Whilst all three issues, 1987, 1997 and 2007, can now be redeemed, the majority of shareholders have maintained their investment or transferred their shareholding to ICOF Community Capital.

Notable loans in the period included Bishopwearmouth Nursery in Sunderland, a horticultural nursery employing 11 staff and 15 people with disabilities. Our funds were used to help expand the operations with the purchase of a Victorian lodge house to convert to a tea room for the garden centre. Other services they provide include landscaping, wholesale nursery and horticultural training.

This was the perfect end to a very successful year when the relatively new business won the Social Enterprise Award at the Sunderland Echo Portfolio 2018 business awards.

The project has the full support of Sunderland City Council which has been nurturing Bishopwearmouth for many years. It had been operating 'at arms length' from the local authority since 2009, but in March 2016 it took the important step of registering as a co-operative community interest company.

"We want everyone to feel that they have ownership of the venture and have a say in what happens," said managing director Shaun Donnelly. "We want to have a good cross section of the staff on the board. Also we

want it to be a lasting asset to the community."

Ian Rothwell, Investment Manager at Co-operative & Community Finance, said "When I visited Bishopwearmouth I was struck by how passionate everyone was about their work and also about being part of a co-op. It is a great example of the positive effect of giving workers of all abilities an equal say."

In terms of the accounts the company made a loss for the financial year of (£21,430) (2017: (£143,054)).

On the balance sheet the loan book stood at £907,002 and cash at £855,994. The lower year on year cash total reflects the transfer of shares to ICOF Community Capital Limited from ICO Fund Plc and achieving the lending budgets for 2018. The retained profit and loss account now stands at (£110,355), (2017: (£130,633)).

Net worth on the balance sheet is now at £368,345.

Regrettably the Board are unable to recommend a dividend for 2018.

On behalf of ICO Fund plc, I would like to thank all the shareholders, both past and present, for their invaluable support.



Bishopwearmouth Nursery

**Shareholders' Representative**  
Andy Love was re-elected as the plc representative by shareholders on 26 June 2018. 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 2019.



# ICO Fund plc

## Summary Financial Statements

Statement of comprehensive income for the year ended 31 December	2018	2017
	£	£
Turnover	57,884	67,805
Administrative expenses	(82,783)	(211,960)
<b>Operating profit/(loss)</b>	<b>(24,899)</b>	<b>(144,155)</b>
Income from investments	760	860
Interest receivable	2,709	241
Other income	nil	530,352
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>(21,430)</b>	<b>387,298</b>
Tax on profit/(loss) on ordinary activities	nil	nil
<b>Total comprehensive income for the year</b>	<b>(21,430)</b>	<b>387,298</b>

Balance Sheet as at 31 December	2018	2017
	£	£
<b>Fixed assets</b>		
Investments	20,781	20,758
<b>Current assets</b>		
Debtors under one year	62,344	96,623
Debtors over one year	850,200	746,393
Cash at bank and in hand	855,994	1,233,666
	1,768,538	2,076,682
<b>Creditors: amounts due within one year</b>	<b>(699,574)</b>	<b>(1,027,973)</b>
<b>Net current assets</b>	<b>1,068,964</b>	<b>1,048,709</b>
<b>Total assets less current liabilities</b>	<b>1,089,745</b>	<b>1,069,467</b>
<b>Creditors: amounts due after one year</b>	<b>(721,400)</b>	<b>(679,692)</b>
<b>Net assets</b>	<b>368,345</b>	<b>389,775</b>
<b>Capital and reserves</b>		
Called up share capital	100	100
Capital reserve	478,600	520,308
Profit and loss account	(110,355)	(130,633)
<b>Shareholders' funds</b>	<b>368,345</b>	<b>389,775</b>

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# Co-operative & Community Finance Trustees

## Trustees

**James Alcock**, Plunkett Foundation  
**Andrew Harrison**, Co-ownership Solutions  
**Daniel Holden**, Unicorn Grocery  
**David Hollings**, CMS Co-operative  
**Zena King**, Co-operatives UK  
**Andy Love**, ICO Fund PLC Shareholders' Elected Representative  
**Jon Nott**, Campaign Against Arms Trade  
**Carl Pitchford**, Capricorn Consulting  
**Jenny Smith**, Co-operative Solutions  
**Brian Titley**, Co-operative Assistance Network  
**Bruce Wood**, Co-operative Consultant

## Principal activities

The group's principal activity during the year continued to be providing loans to common ownership companies and cooperatives, 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

**James Alcock**, (elected 30.06.17)  
**Andrew Harrison**, (elected 26.06.18)  
**Daniel Holden**, (elected 26.06.18)  
**Dave Hollings**, (elected 26.06.18)  
**Jon Nott**, (elected 30.06.17)  
**Carl Pitchford**, (elected 30.06.17)  
**Jenny Smith**, (elected 30.06.17)  
**Brian Titley**, (elected 17.06.16)  
**Bruce Wood**, (elected 17.06.16)

In accordance with the Articles of Association: Brian Titley 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 six elected vacancies.

## Trustees from nominated bodies

Zena King, Co-operatives UK (nominated 26.06.18)

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

## Co-opted Trustees

None currently.

## 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

**James Alcock**, Plunkett Foundation  
**Andrew Harrison**, Co-ownership Solutions  
**Daniel Holden**, Unicorn Grocery  
**David Hollings**, CMS Co-operative  
**Zena King**, Co-operatives UK  
**Andy Love**, ICO Fund PLC Shareholders'  
Elected Representative  
**Jon Nott**, Campaign Against Arms Trade  
**Carl Pitchford**, Capricorn Consulting  
**Jenny Smith**, Co-operative Solutions  
**Brian Titley**, Co-operative Assistance Network  
**Bruce Wood**, Co-operative Consultant

## Principal activity

The principal activity of ICOF Community Capital Ltd is to provide loans to co-operative and community enterprises.

## Elected Directors

**James Alcock**, (elected 30.06.17)  
**Andrew Harrison**, (elected 26.06.18)  
**Daniel Holden**, (elected 26.06.18)  
**Dave Hollings**, (elected 26.06.18)  
**Jon Nott**, (elected 30.06.17)  
**Carl Pitchford**, (elected 30.06.17)  
**Jenny Smith**, (elected 30.06.17)  
**Brian Titley**, (elected 17.06.16)  
**Bruce Wood**, (elected 17.06.16)

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 Brian Titley 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 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

**Zena King**, Co-operatives UK (nominated 26.06.18)  
**Andy Love**, ICO Fund plc Shareholders'  
Elected Representative (nominated 26.06.18)

## 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.

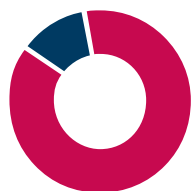
The society's financial statements are required by law to present fairly the financial position and the performance of the society. In preparing those financial statements, the Directors are required to:

- 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. 01109141

Industrial Common Ownership Fund plc,  
Company No. 02137647

ICOF Guarantee Company Limited,  
Company No. 02904326

ICOF Community Capital Limited,  
Society No. 27915R

Community Shares ICOF Limited,  
Society No. 031524



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

**[www.coopfinance.coop](http://www.coopfinance.coop)**



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## Registered Office

Brunswick Court  
Brunswick Square  
Bristol  
BS2 8PE  
tel 0117 916 6750  
fax 0117 916 6751  
email: [info@coopfinance.coop](mailto:info@coopfinance.coop)