

# SUPPORTING COMMUNITY BUSINESS

Invitation to invest in ICOF Community Capital Limited



YOUR OPPORTUNITY TO INVEST IN PEOPLE

THANK YOU  
CO-OP AND  
COMMUNITY  
FINANCE

A loan from ICOF Community Capital Limited helped these people in Millbrook, Cornwall, buy and convert a disused bank into a charity shop and community resource centre.

# INTRODUCTION

ICOF Community Capital (ICC) is a loan fund supporting the growing number of UK communities taking control and delivering local solutions to meet local needs, for example:

- saving their local pub or shop
- re-opening the local swimming baths
- creating employment for people with disabilities.

These pioneering communities are establishing successful businesses that trade profitably to meet the needs and aspirations of their workforce, the communities they serve and society as a whole.

This document is an invitation for you to help other communities to help themselves. Purchasing shares in ICC will enable vital neighbourhood regeneration, access to services and jobs through viable community businesses models, allowing your money to work for change across Britain.

- **9,000 community businesses operating in England in 2019**
- **33,900 people are employed within the market**
- **205,600 volunteers which is an increase of nearly two-thirds from last year**
- **£890m estimated total market income**

(Source: Power to Change, Community Business Market Report, 2019)



## Celebrating 10 years of community ownership

In 2017 Radley Village Shop, near Oxford, celebrated 10 years of community ownership. There are now nearly 400 community-owned shops in Great Britain, a rarity in 2005 when the original Radley general store and newsagent was demolished to make way for redevelopment. The developer made provision for a shop on the ground floor of the new block of flats built on the site of the old store but it stood empty because no-one could be found to run it. Dismayed by the lack of a shop a group of villagers decided to do it themselves. They formed a community co-operative and raised finance from various sources including a loan from ICC. Radley Village Shop has been a commercial and community success. In 2011, in order to secure long term community ownership, the society purchased the premises with a second loan from ICC.

If you are considering buying shares it is important that you read the whole document.

# YOUR OPPORTUNITY TO INVEST IN PEOPLE

When you lend a hand to others in need, it's rewarding to see them flourish as a result of your efforts.

ICC continues to support the growing number of community businesses in England, Scotland and Wales delivering local solutions to meet local needs.

This is your opportunity to participate in this community revolution!

Community businesses typically face problems with accessing money from mainstream finance organisations. Traditional institutional investors are sceptical about any legal structure that emphasises common ownership and local democracy. The very idea of a value based business which seeks social or environmental improvements as its primary objective, using trade and commerce as the vehicle to achieve this, is often misunderstood.

Established in 1994 as a practical expression of support for the development of community enterprise, ICC has always been an idea ahead of its time and our approach is now considered fundamental to regeneration and combating social exclusion.

ICC makes loans between £10,000 and £75,000. Loans of this size are becoming scarcer as even market leading social lenders find it more cost effective to make larger loans.

By providing appropriate finance our intervention and support is critical.

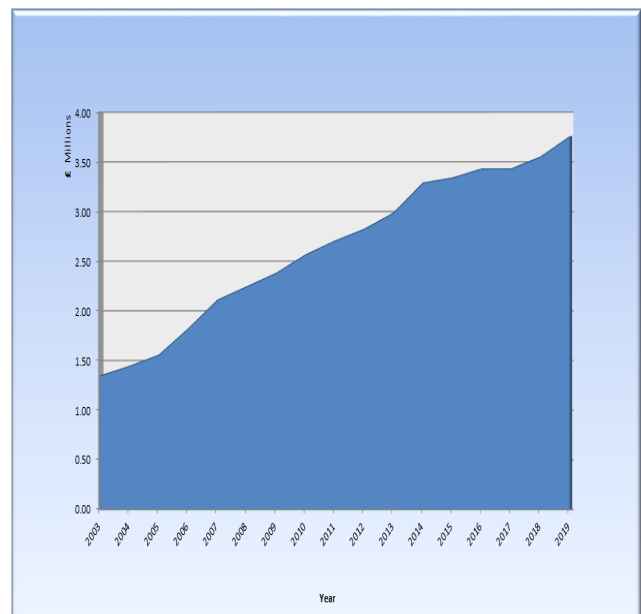
The loan fund revolves: in that every £1 that is repaid is £1 that is available to lend to another business. Since 1994 over £3.5m has been lent in this way.

**ICC has been so successful that demand for finance, and the support that accompanies it, is outstripping supply. We need to raise more money.**

The graph shows the continued demand for our help but local communities need a larger pot of money to enable us to support them at this level and to fulfil their aspirations.

Since 1994 we have helped over 150 groups and communities. With your support we can help 150 more.

## ICC Cumulative Lending



**A** social or community business is a trading organisation that is set up, owned and controlled by the local community and which aims to create self-supporting jobs for local people and to be a focus for local development. Any profits from its business activities go to create more employment provide local services or assist other schemes of community benefit.

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# WHAT IS COMMUNITY CAPITAL?

ICC is a UK investment society established in 1994 to offer individuals and organisations membership shares. It exists to meet the finance needs of community businesses unable to access finance from more conventional sources. This is a social investment. ICC does not accept deposits, but issues shares which are withdrawable subject to certain conditions. The money raised is lent to obtain social and environmental benefit as well as a return for the investor. It should not be regarded as solely as an investment for personal gain or profit.

ICC invests in social businesses which are viable and operate in a commercially effective manner. We recognise that the level of profitability may be constrained by the achievement of social or environmental benefit and we know our investors share this recognition. This is an ethical investment with a priority for people rather than profit.

ICC is a mutual organisation governed by its membership on a one member one vote basis.

ICC exists solely for the benefit of social, co-operative and community enterprise. Since 1994 we have been investing in community businesses which provide employment, regenerate communities and offer services as diverse as crèche and nursery facilities; furniture recycling; restoring electrical goods; providing training for the young and long term unemployed; developing social housing; recycling and environmental services; community-owned village shops; community-owned pubs; social care providers and housing co-operatives amongst other sectors.

Community businesses by their very nature, start off larger than most businesses and often require some financial support in the early years. Being people centred they usually incur higher overhead costs and prioritise social value over financial profit. Contrary to popular belief, they have a better chance of survival.

Nevertheless all small business is an investment risk.



## Doing good with wood

A loan from ICC helped Oxford Wood Recycling to move premises in 2014 nearly doubling the size of its operation. The social enterprise collects waste wood from construction sites and other premises. Some timber is sold for DIY use, some is used to make furniture, and what cannot be used is sold as firewood. This increases the amount of wood being reused and recycled while at the same time providing employment and work experience for disadvantaged people. Over 100 people who would find it hard to get a job have received support, training or employment at Oxford Wood Recycling. We are still supporting them today.

If you are considering buying shares it is important that you read the whole document.



### Turning the tide on pub closures

In 2016 The Fox and Hounds in Denmead, near Portsmouth reopened under community ownership, after it had been derelict for over two years. Local people had opposed the plans to demolish the pub, set up a community benefit society and raised the finance needed to buy and refurbish the building. A loan from ICC added to the considerable sum invested by local people who had bought shares. Since the success of The Fox and Hounds, many other communities have managed to turn the tide on pub closures.

### Hard work rewarded with happy home

ICC helped secure the future of a housing co-op in Falmouth, Cornwall, faced with possible eviction. Members of Spiral Collective Housing Co-operative had been living in the large coastal property on a short-term tenancy since they occupied the derelict site in 2003. They were allowed to stay in return for undertaking repairs and maintenance. The co-op became established as a small community hub, hosting various events and courses and providing workshop space for start-up businesses. When the property was put up for sale in 2016 the residents thought they would have to leave their happy home, but with support from local people and ethical investors including ICC they managed to raise the money to buy it. We gave them further support in 2019.



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# ORGANISATION AND MANAGEMENT

ICC has no staff, it is managed under contract by Industrial Common Ownership Finance Limited (ICOF), a company limited by guarantee without share capital.

ICOF is regulated by the Financial Conduct Authority (FCA) in the conduct of investment business. Registered no.171201.

Co-operative and Community Finance is the trading name of ICOF.

ICOF exists to help people take more control of their economic lives. For over 40 years this has been achieved mainly through the provision of loan finance and business advice. An experienced team manages a number of funds throughout the UK totaling over £5m.

**Sound business finance, coupled with equal opportunity, environmental concern and the pursuit of social justice continue to be the hallmarks of ICC.**

ICC is managed by an elected board of non-executive Directors who are appointed by members at the Annual General Meeting. They currently include members of social economy businesses and representatives of affinity organisations. Directors receive no remuneration for their involvement.

Under the rules of ICC the Board of Directors is made up as follows:

- Up to 11 persons elected by and from the membership; and
- Up to four persons appointed by ICOF Ltd (or such a body as may succeed to its functions) provided that at no time shall the number of appointed Directors exceed the number of elected Directors

In accordance with the rules of ICOF Community Capital Limited it is necessary for one third of the Directors, or, if their number is not divisible by three, the number nearest one third, to retire from office every year to make way for an election.

## ICOF COMMUNITY CAPITAL LIMITED

### Directors

James Alcock, Plunkett Foundation  
Andrew Harrison, Co-ownership Solutions LLP  
Dan Holden, Unicorn Grocery  
David Hollings, CMS Co-operative  
Zena King, Co-operatives UK  
Andrew Love, Former MP  
Jon Nott, Woodcraft Folk  
Jenny Smith, Co-operative Solutions  
Brian Titley, Co-operative Assistance Network  
Bruce Wood, Coop Consultant

### Advisers

#### Accountants and Auditors:

Godfrey Wilson Limited. 5th Floor, Mariner House  
62 Prince Street Bristol BS1 4QD

#### Solicitors:

Malcolm Lynch. Wrigleys. 19 Cookridge Street,  
Leeds LS2 3AG

#### Bankers:

Unity Trust Bank. 4 Brindley Pl, Birmingham B1  
2JB

#### Company Secretary and Registered Office:

Alain Demontoux, Brunswick Court Brunswick  
Square Bristol BS2 8PE

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# INVESTING IN COMMUNITY CAPITAL

We offer shares of £1 nominal value which must be paid in full. The minimum investment is £250. Additional investment can be applied for in multiples of £250. Joint applications that are by more than one individual are welcome. The shares are not transferable and are not quoted on any exchange. The shares may be withdrawn and will be repaid at the original price paid, except in the circumstances outlined below. Although there will be no capital gain, we have a target to pay interest in line with inflation, up to a maximum rate of 5%. Interest is not paid in cash but is paid as an increase in the shares of the society. There are no management fees or charges to members.

We intend to continue to keep enough funds available in socially responsible financial institutions to meet members' requests for withdrawals. There is a withdrawal notice period of 6 months. If the investment is to be retained, withdrawals should not be at a level that would reduce the investment below £250.

The Directors of ICC have the right to suspend or reduce withdrawals for prudential reasons if the auditors of ICC certify that liabilities exceed assets.

This is a social investment. It should not be regarded solely as an investment for personal gain or profit. As a member you will become one of the persons who own ICC and have a say in its decisions. Membership is one member one vote regardless of the size of the shareholding. The maximum shareholding is set by law at £100,000, although there is a no upper limit to investment from other co-operative and community benefit societies.

ICC is a community benefit society and is governed by its rules, a copy of which is available on request or directly from our website. Profits remaining after the payment of interest to members are put back into the society, or used for associated educational or charitable purposes.

In addition to the Annual General Meeting of the society members will be informed of our activities via social media, the annual report and accounts and an ICOF newsletter. Copies of the society's rules

and last audited accounts are available on request or directly from our website [coopfinance.coop/invest](https://coopfinance.coop/invest)

The effectiveness of our input into community business is determined by the support of our members and their belief in social action and its power to create a sustainable future.

Further copies of this document can be obtained from ICC (Tel: 0117 916 6750) or directly from our website [coopfinance.coop/invest](https://coopfinance.coop/invest)

For more details, copies of our accounts are available on request or directly from our website [coopfinance.coop/invest](https://coopfinance.coop/invest), and there is a summary in Appendix A.

**ICC** is a community benefit society registered no.27915R on 14 January 1994. ICOF Community Capital Limited was not an institution authorised under the Banking Act 1987 and is not a member of a deposit protection scheme. ICOF Community Capital Limited is not required to issue a prospectus since the offer falls within an exemption set out in Regulation 7(2)(q)(iii) of the Public Offers of Securities Regulations 1995. Withdrawable shares in a community benefit society are considered a risk investment within the meaning of the Financial Services and Markets Act 2000. ICOF Community Capital Limited has sought to give you information about these risks in this document, the document has been approved for issue by Industrial Common Ownership Finance limited, which is regulated by the FCA in the conduct of investment business. If you are in any doubt about the contents of this advertisement you are advised to consult a financial adviser with experience of this type on investment.

If you are considering buying shares it is important that you read the whole document.

## APPLYING FOR SHARES

We will accept investments from individuals, corporate bodies and nominees of unincorporated bodies, firms or partnerships. We will also accept applications for joint shareholdings from couples or other small groups of individuals. Individual investors must have reached the age of 16.

You may apply for shares online or by post.

- To apply online please visit our website [coopfinance.coop/invest](https://coopfinance.coop/invest)
- To apply by post complete the form at the end of this document and post it with a cheque (or date of bank transfer) to the following address:  
ICOF Community Capital Ltd, Brunswick Court,  
Brunswick Court, Bristol BS2 8PE
- Extra copies of the postal application form can be downloaded from [coopfinance.coop/invest](https://coopfinance.coop/invest)

Applications should be for a minimum of £250, ie. 250 shares of £1 each, and if more, in multiples of £250.

Joint applications are welcome and all joint applicants should sign the application form. In the case of a corporation, the application should be signed by an authorised person whose designation should be stated.

Acceptance of applications will be notified by the issue of Share Statements, which will be posted within 21 days of issue.

The Directors reserve the right to reject any application in whole or in part. If any application is not accepted, then the application monies will be returned by bank transfer.

We have a target to offer interest in line with inflation. Payment will not be made in cash but credited to each member's shareholding as new shares. Interest rates are set by the Board of Directors. Interest rates can be obtained from time to time from the Bristol office.

There is a six month period of notice required for withdrawals. The Directors may suspend withdrawal until sufficient cash is available. It is important to note that share values may fall if ICC incurs losses.

Please consider carefully the option to waive any interest payment due on your shares. Waived interest is used to provide guarantees on particular advances. By this device we are able to make a limited number of higher risk investments in worthwhile projects which would not otherwise be possible.

**ICC** is an ethical investment society. Like many other ethical investment organisations we adhere to our ethical policy when making lending decisions. When it comes to positive ethical investment, we actively support those concerned with environmental and sustainability issues. That is why we concentrate on investing in community businesses that often measure success in terms of their social impact rather than financial outputs.

**ICC** is a community benefit society for the benefit of the community. It is a business not a charity. We accept money as share capital and although no guarantee can be given, it is hoped that results will enable the payment of interest. The minimum investment is £250 and the maximum for individuals is £100,000. The normal withdrawal notice period is 6 months and we hope the monetary value of your investment will be maintained, but it may go down.

If you are considering buying shares it is important that you read the whole document.



# POSTAL APPLICATION FORM

Please complete the form overleaf and post it with a cheque (or date of bank transfer) to the following address (no stamp required but please put in a window envelope or ask us for a preprinted envelope - we have to pay a surcharge if they are handwritten):

FREEPOST RRKA-ZKGG-HUYU

ICOF Community Capital Ltd

Brunswick Court

Brunswick Square

Bristol

BS2 8PE

Extra copies of the postal application form can be downloaded from our website  
[coopfinance.coop/invest](https://coopfinance.coop/invest)

# SHARE APPLICATION FORM

Please complete this form and post it with a cheque (or contact us to arrange a bank transfer) to:  
Freeport RRKA-ZKGG-HUYU, The Secretary. ICC, Brunswick Court, Brunswick Square, Bristol BS2 8PE

## Your details

Name .....

Full address including postcode .....

.....

Email ..... Telephone .....

Registered Company Number (if a corporate applicant) .....

Signature ..... Date .....

For joint applications all applicants must sign

Name of second applicant .....

Signature ..... Date .....

## Number of shares you wish to acquire

I/We wish to become a member of ICOF Community Capital Limited, in accordance with the rules and this offer document which I/We have read.

I/We hereby apply for ..... shares (minimum 250, maximum 100,000) of £1 each.

I/We wish to waive the right to any interest due on my shares to be used to enable a limited number of higher risk investments to be made in worthwhile projects. Please tick as appropriate YES ☐ NO ☐

I/We understand that the interest is not paid in cash but added to my shareholding as new shares and that a withdrawal notice of 6 months may be applied. I/We understand that the Directors may wish to suspend withdrawals until sufficient cash is available.

## Paying for your shares

You can pay for your shares in two ways. Please tick which applies.

☐ I enclose a cheque with this application form. Please make cheques payable to ICOF Community Capital Limited.

☐ I would like to arrange a bank transfer (please phone 0117 916 6750)

## Agreement to record data

By investing I agree to my name, address, phone number, email address (where applicable), amount invested and number of shares allocated to me being held on a computer database. I understand that this information will be used for the purpose of maintaining a register of members as required by the rules of the co-operative, for posting of notices regarding the activities of ICOF Community Capital, and will not be passed to third parties. You can view our privacy policy here: <https://coopfinance.coop/privacy-statement/>

Signature ..... Date .....

The names of the members of ICOF Community Capital Limited will be published. The amounts of sums invested by individual members will be confidential.

**WARNING** - This share offer is exempt from regulation and therefore does not require authorisation by Financial Conduct Authority. If the business fails you have no right of complaint to the Financial Ombudsman or the Financial Services Compensation Scheme. If you buy shares you must bear in mind that your investment is fully at risk. If the business fails you may lose some or all of the money you have invested.

If you are considering buying shares it is important that you read the whole document.

# APPENDIX A

## FINANCE AND MEMBERSHIP SUMMARY

The purpose of this report is to provide members and prospective members with a summary of the society's financial relationship with its members. It enables members to understand how they contribute to the finances of the society, and how the society in turn uses its operating surpluses.

All figures £s

Society funds	2019	2018	2017
Member share capital	1,027,960	945,761	736,991
Reserves (accumulated retained surplus)	(50,287)	(55,366)	(59,173)
Long term liabilities	(75,000)	(74,482)	(74,527)
Net society funds (Share capital + reserves – long term liabilities)	902,673	815,913	603,291

Member share capital	2019	2018	2017
Opening balance of member share capital	945,761	736,991	690,019
New share capital invested during year	105,450	216,540	80,350
Share capital withdrawn during year	(23,251)	(7,770)	(33,378)
Closing balance of member share capital	1,027,960	945,761	736,991

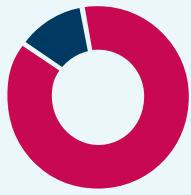
Membership levels	2019	2018	2017
Number of members at the beginning of year	429	375	383
Number of new members joining	3	29	16
Number of members leaving	10	9	24
Number of members at the end of the year	425	429	375

Financial return rates	2019	2018	2017
Interest rate on share capital	0.25	0	0

Application of surpluses or profits	2019	2018	2017
Net surplus (deficit) for the year	5,920	3,837	(51,983)
Total interest on share capital	3,749	0	0
Donations to community, social or charitable organisations or activities	0	0	0
Surplus reinvested in the society (reserves)	5,920	3,837	0

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# CO-OPERATIVE & COMMUNITY FINANCE

supportive lending since 1973

Co-operative & Community Finance is the trading name of the ICOF family of businesses which includes:

- Industrial Common Ownership Finance Limited  
Company No. 1109141
- Industrial Common Ownership Fund plc  
Company No. 2137647
- ICOF Community Capital Limited  
Society No. 27915R
- Community Shares ICOF Limited  
Society No. 031524

Document designed by Alpha Communication, a worker co-operative



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/company/coopfinance

## Registered Office

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