

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

Annual Report 2019



FROM
SHOPS
TO
CO-OPS

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



We've supported hundreds of businesses, from small community-led enterprises to large award-winning organisations

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

ICOF Limited has a wholly owned subsidiary, Industrial Common Ownership Fund plc.

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

Membership of ICOF Ltd is open to any individual or organisation that support our aims and who pay a one off lifetime 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

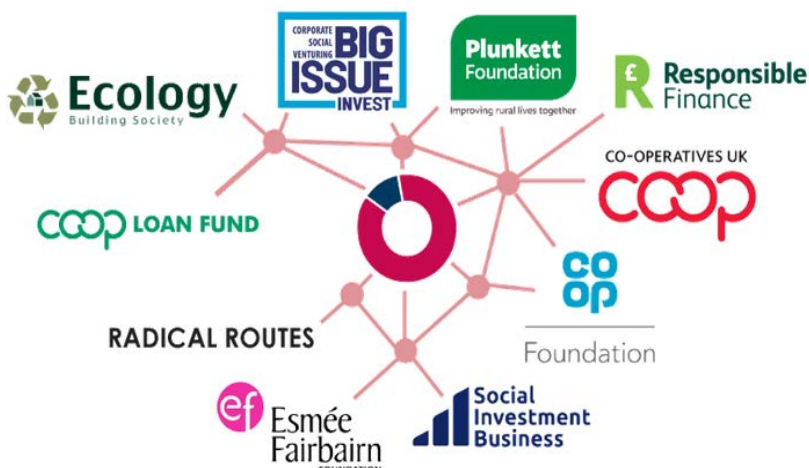
We've been successfully managing funds and making loans in a specialist market for almost 50 years.

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 second Annual Report as Chair and the 47th 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 26th 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 co-operatives, 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 was lower than in previous years, with many co-ops putting off investment decisions and becoming reticent about expansion as the political climate remained chaotic.

2019 saw the last year of Phase 1 of the More Than A Pub programme, which has been a fantastic success providing over £725,000 of capital for 15 pubs that would have otherwise closed. It has also meant that all these communities have set themselves up as Community Benefit Societies that would have otherwise not existed, not only allowing them to raise investment through community shares, but also to bring democratic cohesion to their area.

The initiative was set up in 2016 to support community ownership of pubs in England. It is funded by the Department for 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.

Key achievements under the scheme have been:

- 123 groups received bursaries of £2,500
- 29 pubs received a combination loan and grant
- the average pub raised £255,028 in community shares from on average 196 share holders

In 2019 we continued to work with the Co-op Foundation as its advisory partner in the development of a new programme of grants and social investments, which will support community-run enterprises in disadvantaged areas of the UK. We also remained an Access Point for the £4m Reach Fund which will provide grants to organisations that need specific support to be able to take on a loan.

Other operating income included £187,500 representing the final capital tranche of the More Than A Pub programme discussed earlier. We continued to manage the Co-operative Loan Fund and provide back offices services for Big Issue Invest, Radical Roots and the Solid Fund (Worker Coop Solidarity Fund).

Further to its activities the Group made a profit on ordinary activities after tax of £170,511 (2018:£47,205).

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.

Significant help we provided during the year included to Rotherham Rise, one of the oldest organisations in Yorkshire that supports survivors of domestic abuse and sexual exploitation, which enabled them to buy a town centre office building. As a result of the purchase and the new income from tenants and the cafe, Rise will be in a stronger financial position and it will not have to worry about moving premises again. This leaves the organisation free to concentrate on providing its comprehensive range of services that include refuge accommodation, support services, therapeutic services, pathway services, and training in domestic abuse awareness.



Rotherham Rises' new permanent home

Financial performance in 2019 saw a profit after tax of £7,648 (2018 £3,837) and the value of the balance sheet improved to £978,823 (2018 £890,425) following significant extra investment in the year. The loan portfolio for the year stood at £619,167 (2018 £531,630).

2019 also saw the first payment of interest on members shares since 2007, following the positive results in 2018.

Once again, the Directors are delighted to be able to propose a 1% payment of interest on investments. This will be taken to this year's AGM for approval by the shareholders.

And finally ...

I would like to take this opportunity to thank not only the staff team but my fellow Trustees and Directors for all their hard work over the last year.

2020 will see us continue to meet the challenges that recent events have presented and maintain the help and support we provide to a resilient co-operative and community business sector.

ICOF Group

Consolidated Summary Financial Statements

Consolidated statement of comprehensive income for the year ended 31 December	2019	2018
	£	£
Turnover	315,791	301,722
Administrative expenses	(347,616)	(487,530)
Operating profit/(loss)	(31,825)	(185,808)
Other operating income	191,000	217,500
Income from investments	4,964	5,631
Interest receivable	6,468	4,427
Interest payable	(5,000)	(5,000)
Finance income	4,904	10,455
Profit/(loss) on ordinary activities before taxation	170,511	47,205
Other comprehensive income (capital contribution redeemable preference shares)	-	-
Total comprehensive income	170,511	47,205

Consolidated Balance Sheet as at 31 December	2019	2018
	£	£
Fixed assets		
Tangible assets	6,229	6,302
Investments	177,629	176,888
	183,858	183,190
Current assets		
Debtors under one year	348,067	265,580
Debtors over one year	1,794,380	1,999,839
Cash at bank and in hand	2,719,270	2,480,725
	4,861,717	4,746,144
Creditors: amounts due within one year	(1,803,609)	(1,436,639)
Net current assets	3,058,108	3,309,505
Total assets less current liabilities	3,241,966	3,492,695
Creditors: amounts due after one year	(765,668)	(1,186,908)
Net assets	2,476,298	2,305,787
Capital and reserves		
Other funds	1,201,191	1,013,691
Capital reserve	434,333	478,600
Profit and loss account	840,774	813,496
Shareholders' funds	2,476,298	2,305,787

The financial information presented in this report has been taken from the audited financial statements for the year ended 31 December 2019. It does not constitute the group's statutory accounts for the year ended 31 December 2019, or 31 December 2018. If you would like a copy of the audited Directors' Report and Financial Statements for the year ended 31 December 2019 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

	2019	2018
	£	£
Turnover	32,067	25,858
Administrative expenses	(27,437)	(25,483)
Operating profit/(loss)	4,630	375
Income from investments	700	760
Interest receivable	1,546	1,480
Finance income	1,500	2,260
Interest payable	(728)	(606)
Profit/(loss) on ordinary activities before taxation	7,648	3,837
Tax on profit/(loss) on ordinary activities	nil	nil
Profit/(loss) on ordinary activities after taxation	7,648	3,837

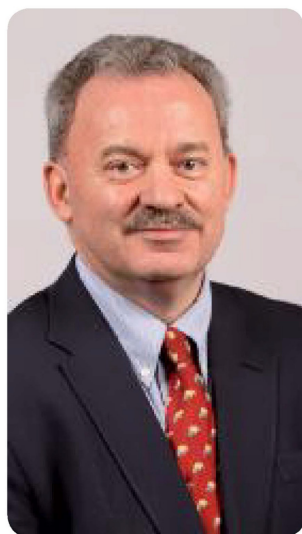
Balance Sheet as at 31 December

	2019	2018
	£	£
Fixed assets		
Investments	117,000	117,000
Current assets		
Debtors under one year	48,527	51,775
Debtors over one year	570,640	479,855
Cash at bank and in hand	328,142	322,317
	947,309	853,947
Creditors: amounts due within one year	(2,100)	(2,040)
Net current assets	945,209	851,907
Total assets less current liabilities	1,062,209	968,907
Creditors: amounts due after one year	(83,386)	(78,482)
Net assets	978,823	890,425
Funding and reserves		
Funding	1,027,962	945,761
Profit and loss account	(49,139)	(55,336)
Shareholders' funds	978,823	890,425

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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.

The money raised is lent, repaid and lent again. From an original £1 million raised, over £5 million has been lent to hundreds of co-operative and employee owned businesses. By lending at risk to create opportunity ICO Fund Plc has:

- created, supported and saved jobs;
- boosted local economies;
- helped convert environmental concern into action;
- and enabled people to own and control the businesses in which they work.

Lending in 2019 brought the total portfolio to £836,230.



The Old Ship, Cawsand

One of the most notable loans in the period included helping The Old Ship in Cawsand, near Plymouth.

The project involves the community purchase and renovation of the Old Ship Inn creating a bar and café on the ground floor with construction of affordable housing above. The Society aims to have a fully operational community café/pub, providing Cawsand's residents with the full range of activities and services that have been planned.

The society has been very busy over the last 18 months with applying for planning permission, with fund raising and with making the site safe for temporary use. Over the last two summers 'pop-up' events were run on the site. These included music, poetry, exhibitions and discussions, all serviced by a basic café.



The Old Ship "Pop-Up"

In terms of the accounts the company made a loss for the financial year of £20,068 (2018: £21,430).

On the balance sheet the net current assets came to £1,093,153 including cash at £943,837. The higher year on year cash total reflects the early repayment of loans during the year. The retained profit and loss account improved from deficit of £110,355 in the prior year, to a deficit of £86,155 in the current year. Net worth on the balance sheet is now at £348,277 (2018: £368,345).

Regrettably, the Board are unable to recommend a dividend for 2019.

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

Shareholders' Representative
Andy Love was re-elected as the plc representative by shareholders on 17 June 2019. 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 2020.

ICO Fund plc

Summary Financial Statements

Statement of comprehensive income for the year ended 31 December

	2019	2018
	£	£
Turnover	53,421	57,884
Administrative expenses	(77,947)	(82,783)
Operating profit/(loss)	(24,526)	(24,899)
Income from investments	711	760
Interest receivable	3,747	2,709
Other income	nil	nil
Profit/(loss) on ordinary activities before taxation	(20,068)	(21,430)
Tax on profit/(loss) on ordinary activities	nil	nil
Total comprehensive income for the year	(20,068)	(21,430)

Balance Sheet as at 31 December

	2019	2018
	£	£
Fixed assets		
Investments	20,792	20,781
Current assets		
Debtors under one year	118,844	62,344
Debtors over one year	717,386	850,200
Cash at bank and in hand	943,837	855,994
	1,780,067	1,768,538
Creditors: amounts due within one year	(686,914)	(699,574)
Net current assets	1,093,153	1,068,964
Total assets less current liabilities	1,113,945	1,089,745
Creditors: amounts due after one year	(765,668)	(721,400)
Net assets	348,277	368,345
Capital and reserves		
Called up share capital	100	100
Capital reserve	434,332	478,600
Profit and loss account	(86,155)	(110,355)
Shareholders' funds	348,277	368,345

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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
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)
Jenny Smith, (elected 30.06.17)
Brian Titley, (elected 17.06.16)
Bruce Wood, (elected 17.06.19)

In accordance with the Articles of Association: James Alcock, Jon Nott and Jenny Smith 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 five elected vacancies.

Trustees from nominated bodies

Zena King, Co-operatives UK (nominated 17.06.19)

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
Jenny Smith, Co-operative Consultant
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)
Jenny Smith, (elected 30.06.17)
Brian Titley, (elected 17.06.19)
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, James Alcock, Jon Nott and Jenny Smith retire by rotation, which leaves up to five 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

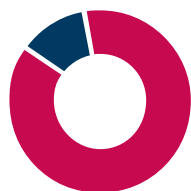
The Co-operative and Community Benefit Societies Act 2014 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society and of the surplus or deficit of the society for that period.

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

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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 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



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/company/coopfinance

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