

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

ANNUAL REPORT 2020



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



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

**We help co-ops and communities
recover, rebuild and grow.**

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 48th 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 27th Annual Report to members of ICOF Community Capital Ltd.



ICOF Group

2020 was a year like no other. We saw the advent of Covid and then Brexit. The Bristol office moved to home working from March and that continues to be the case. Much of the work done this year has been to support our existing borrowers and we were quick to be proactive, making contact and offering help where required, often before we were asked. This approach has protected the portfolio and we had a busy lending year. This was more attributable to previous pipeline and continued Pub Fund lending than to new applications, as many borrowers accessed government Covid grants and loans where appropriate.

This year saw The Community Pub Business Support Programme - More than a Pub (MTAP2) - in its final stages, with the programme officially finishing in Spring 2021.

So far, the programme has committed £1.7m in combination Loan and Grant packages to 18 groups and supported many more with advice and bursaries.

We continued to manage the Co-operative Loan Fund and Community Shares ICOF as well as working closely with the Co-op Foundation and we remained an Access Point for the £4m Reach Fund which provides grants to organisations that need specific support to be able to take on a loan.

The year also saw CCF provide back office services for Big Issue Invest, Radical Roots and Solidfund (Worker Coop Solidarity Fund) and remain on the panel of the Community Shares Unit Booster programme.

Notable loans in the year included Primepac Solutions, an employee-owned company in South Wales that increased production to cope with a big rise in demand for its packaging services during covid

Looking at the CCF Group's performance, turnover fell year on year, giving a profit before tax of £61,167 (2019: £170,511).

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.

During the year ICC provided significant help to Clapton FC, who play at the oldest senior football ground in London.

ICC investment helped supporters purchase the ground and secure its future as permanent community asset of Forest Gate in East London.

Clapton Community Football Club completed the purchase of the historic Old Spotted Dog Ground on 24 July 2020, following a long campaign by the fans to regain their home. Clapton Community FC was established in June 2018 as a fan-owned and fan-operated community club, by the life members and supporters of Clapton FC. It now has over 1,300 members worldwide.



In terms of financial performance turnover increased to £41,646 (2019: £32,067) and expenses increased due to the 1% payment of interest on members investments and final FRS adjustments. Profit after tax was £2,868 (2019: £7,648) and the balance sheet stood at £963,132 and the loan portfolio at £894,982.

Once again the Directors are delighted to recommend a 1% payment of interest on members investments, that will go to the AGM in June 2021 for approval by shareholders.

Gender Pay Gap

We are able to report that our gender pay gap in 2020 was 12.5%. The official UK pay gap among all employees 2020 was 15.5%.

And finally ...

I would like to take this opportunity to extend our warmest thanks to Dave Hollings, who is retiring from the board after 18 years of outstanding service. Good luck in your future co-operative endeavors!

Lastly, I would like to take this opportunity to thank not only my fellow Trustees and Directors for all their hard work over the last year but particularly the staff team in the way they protected the loan portfolio and steered the finances of the business through a year like no other.

Consolidated statement of comprehensive income for the year ended 31 December

	2020	2019
	£	£
Turnover	298,992	315,791
Administrative expenses	(417,889)	(347,616)
Operating profit/(loss)	<u>(118,897)</u>	<u>(31,835)</u>
Other operating income	166,725	191,000
Income from investments	3,299	4,964
Interest receivable	3,021	6,468
Interest payable	(6,594)	(5,000)
Finance income	13,613	4,904
Profit/(loss) on ordinary activities before taxation	<u>61,167</u>	<u>170,511</u>
Tax on profit/(loss) on ordinary activities	-	-
Total comprehensive income	<u><u>61,167</u></u>	<u><u>170,511</u></u>

Consolidated Balance Sheet as at 31 December

	2020	2019
	£	£
Fixed assets		
Tangible assets	5,246	6,229
Investments	173,978	177,629
	<u>179,224</u>	<u>183,858</u>
Current assets		
Debtors under one year	196,897	348,067
Debtors over one year	2,119,109	1,794,380
Cash at bank and in hand	2,153,815	2,719,270
	<u>4,469,821</u>	<u>4,861,717</u>
Creditors: amounts due within one year	<u>(1,157,088)</u>	<u>(1,803,609)</u>
Net current assets	<u>3,312,733</u>	<u>3,058,108</u>
Total assets less current liabilities	<u>3,491,957</u>	<u>3,241,966</u>
Creditors: amounts due after one year	<u>(954,492)</u>	<u>(765,668)</u>
Net assets	<u><u>2,537,465</u></u>	<u><u>2,476,298</u></u>
Capital and reserves		
Other funds	1,063,733	1,201,919
Capital reserve	387,349	434,333
Profit and loss account	1,086,383	840,774
Shareholders' funds	<u><u>2,537,465</u></u>	<u><u>2,476,298</u></u>

The financial information presented in this report has been taken from the audited financial statements for the year ended 31 December 2020. It does not constitute the group's statutory accounts for the year ended 31 December 2020, or 31 December 2019. If you would like a copy of the audited Directors' Report and Financial Statements for the year ended 31 December 2020 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

	2020	2019
	£	£
Turnover	41,646	32,067
Administrative expenses	(39,800)	(27,237)
Operating profit/(loss)	<u>1,846</u>	<u>4,630</u>
Income from investments	700	700
Interest receivable	419	1,546
Finance income	-	1,500
Interest payable	(97)	(728)
Profit/(loss) on ordinary activities before taxation	<u>2,868</u>	<u>7,648</u>
Tax on profit/(loss) on ordinary activities	nil	nil
Profit/(loss) on ordinary activities after taxation	<u><u>2,868</u></u>	<u><u>7,648</u></u>

Balance Sheet as at 31 December

	2020	2019
	£	£
Fixed assets		
Investments	20,000	117,000
Current assets		
Debtors under one year	50,310	48,527
Debtors over one year	657,879	570,640
Cash at bank and in hand	237,103	328,142
	<u>945,292</u>	<u>947,309</u>
Creditors: amounts due within one year	(2,160)	(2,100)
Net current assets	<u>943,132</u>	<u>945,209</u>
Total assets less current liabilities	963,132	1,062,209
Creditors: amounts due after one year	nil	(83,386)
Net assets	<u><u>963,132</u></u>	<u><u>978,823</u></u>
Funding and reserves		
Funding	1,015,115	1,027,962
Profit and loss account	(51,983)	(49,139)
Shareholders' funds	<u><u>963,132</u></u>	<u><u>978,823</u></u>

The financial information presented in this report has been taken from the audited financial statements for the year ended 31 December 2020. It does not constitute the group's statutory accounts for the year ended 31 December 2020, or 31 December 2019. If you would like a copy of the audited Directors' Report and Financial Statements for the year ended 31 December 2020 they available from Co-operative & Community Finance, Brunswick Court, Brunswick Square, Bristol BS2 8PE.

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 2020 brought the total portfolio to £919,916.

In terms of the accounts the company made a loss for the financial year of £37,074 (2019: £20,068) which included a loan capital loss.

On the balance sheet net current assets came to £1,103,063 including cash at £768,151. The retained profit and loss account improved from a deficit in 2019 of £86,155 to a deficit of £76,245 in 2020. Net worth on the balance sheet is now £311,203 (2019: £348,277).

Regrettably the Board is unable to recommend a dividend for 2020.

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

As well as also supporting Primepac and Clapton FC this year the Fund helped Rushton Oak Community Pub. They undertook significant building work to improve the facilities of their community pub.

The Royal Oak in Rushton Spencer, near Leek, Staffordshire. had closed after a period of neglect, was bought and re-opened the community benefit society in 2015.



Co-operative & Community Finance, which is an approved Access Point for the Reach Fund, helped the society to apply for a grant to cover the legal and professional fees. It also arranged loans from its own funds.

The future.....

In five years time we will see the anniversary of the fourth PLC share issue. We see this as a good opportunity to simplify our organisational structure along the lines set out below.

This will bring our three companies together in one Community Benefit Society to better serve the needs of common ownership companies and co-operatives in to the future.



Shareholders' Representative

Andy Love was re-elected as the plc representative by shareholders on the 29th June 2020. In accordance with the Articles of Association, he retires and offers himself up for re-election in 2021.

ICO Fund plc

Summary Financial Statements

Statement of comprehensive income for the year ended 31 December

	2020	2019
	£	£
Turnover	57,944	53,421
Administrative expenses	(97,179)	(77,947))
Operating profit/(loss)	(39,235)	(24,526)
Income from investments	700	711
Interest receivable	1,461	3,747
Other income	nil	nil
Profit/(loss) on ordinary activities before taxation	(37,074)	(20,068)
Tax on profit/(loss) on ordinary activities	nil	nil
Total comprehensive income for the year	(37,074)	(20,068)

Balance Sheet as at 31 December

	2020	2019
	£	£
Fixed assets		
Investments	20,792	20,792
Current assets		
Debtors under one year	38,489	118,844
Debtors over one year	881,427	717,386
Cash at bank and in hand	768,151	943,837
	1,688,067	1,780,067
Creditors: amounts due within one year	(585,004)	(686,914)
Net current assets	1,103,063	1,093,153
Total assets less current liabilities	1,123,855	1,113,945
Creditors: amounts due after one year	(812,652)	(765,668)
Net assets	311,203	348,277
Capital and reserves		
Called up share capital	100	100
Capital reserve	434,332	434,332
Profit and loss account	(86,155)	(86,155)
Shareholders' funds	311,203	348,277

The financial information presented in this report has been taken from the audited financial statements for the year ended 31 December 2020. It does not constitute the group's statutory accounts for the year ended 31 December 2020, or 31 December 2019. If you would like a copy of the audited Directors' Report and Financial Statements for the year ended 31 December 2020 they are available from Co-operative & Community Finance, Brunswick Court, Brunswick Square, Bristol BS2 8PE.

Trustees

James Alcock, Plunkett Foundation

Jenny Fink, Coop Consultant

John Forbes, Co-operatives UK

Daniel Holden, Unicorn Grocery

David Hollings, CMS Co-operative

Andy Love, ICO Fund PLC Shareholders' Elected Representative

Jon Nott, Campaign Against Arms Trade

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 29/06/20

Jenny Fink, Elected 29/06/20

Daniel Holden, Elected 29/06/18

David Hollings, Elected 29/06/18

Jon Nott, Elected 29/06/20

Bruce Wood, Elected 17/06/19

In accordance with the Articles of Association: Dave Hollings and Daniel Holden 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

John Forbes, Co-operatives UK (nominated 29.06.20)

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

Jenny Fink, Coop Consultant

John Forbes, Co-operatives UK

Daniel Holden, Unicorn Grocery

David Hollings, CMS Co-operative

Andy Love, ICO Fund PLC Shareholders' Elected Representative

Jon Nott, Campaign Against Arms Trade

Bruce Wood, Co-operative Consultant

Principal activities

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

Elected Directors

James Alcock, Elected 29/06/20

Jenny Fink, Elected 29/06/20

Daniel Holden, Elected 29/06/18

David Hollings, Elected 29/06/18

Jon Nott, Elected 29/06/20

Bruce Wood, Elected 17/06/19

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, Dave Hollings and Daniel Holden 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 Ltds

John Forbes, Co-operatives UK (nominated 29.06.20)

Andy Love, ICO Fund plc Shareholders' Elected Representative (nominated 29.06.20)

Staff

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

Directors' responsibilities

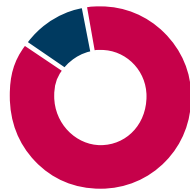
The Co-operative and Community Benefit Societies Act 2014 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society and of the surplus or deficit of the society for that period.

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 Limited,
Company No. 2904326

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

Follow us on:



@coopcommfinance



@coop_finance

Registered Office

Brunswick Court
Brunswick Square
Bristol
BS2 8PE

tel 0117 916 6750
fax 0117 916 6751

email: info@coopfinance.coop