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Capital for Colleagues Plc



Business Overview

ESTABLISHED: 2013

LOCATION: Manchester

LISTING: NEX Exchange
SSX Segment

TYPE OF COMPANY: For profit

NUMBER OF EMPLOYEES: 11-50

ISSUED SHARE CAPITAL:
9,624,526 Ordinary shares at £0.40

BUSINESS AREA:

Investment in Employee-Owned Businesses;
Investment Management

COMPANY WEBSITE:

www.capitalforcolleagues.com

BUSINESS OVERVIEW

Capital for Colleagues Plc (C4C) is an investment vehicle focused on opportunities in the Employee Owned Business (“EOB”) sector. The company has been quoted on the NEX Growth market for nearly three years and has a market capitalisation of around £6.0m. C4C also has an advisory business which provides advice and support to EOBs or companies looking to incorporate employee ownership schemes. The company is based in Manchester and has an office in London.

C4C has made a range of loans to and equity investments in eighteen unquoted businesses which evidence demonstrable employee engagement. The company generates income from dividends, interest and fees. Ultimately, investors judge financial success based on an increase of NAV per share.

SOCIAL MISSION

The ownership of businesses is a crucial element in determining the governance structure, the interests that get prioritised and how they are held to account. Conventional, shareholder owned businesses are primarily accountable to external investors, for whom they are expected to maximise financial returns. On the other hand, EOBs are organised along different principles, which factor in a broader array of interests and values. Employee ownership brings important democratic gains to organisations and produces a greater sense of commitment as well as enhanced feelings of belonging amongst employees. Inequalities in the distribution of economic benefit are ironed out, individual members have a voice and the company itself can develop a sense of mission, all of which is more difficult when external shareholder value is the priority.

WHO BENEFITS?

COMMUNITY/SOCIETY: C4C engages with investee companies to improve their management of environmental, social and governance issues to the benefit of the business as well as the environment and society in which they operate.

EMPLOYEE OWNED BUSINESSES:

EOBs themselves benefit from a corporate culture which is designed to foster employee loyalty, engagement and an environment of co-ownership.

EMPLOYEE OWNERS OF INVESTEE COMPANIES:

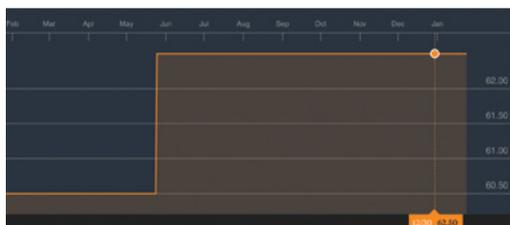
Employees are the principal beneficiaries of C4C’s work. 600 employee owners have been created since 2011 with these individuals generating £71m in total revenue. C4C believes that these employees highly value their position as co-owners.

Commercial and Financial Summary

CAPITAL STRUCTURE

Capital for Colleagues is funded entirely by equity. The company states in its public disclosure that the percentage of the company's issued share capital in public hands is approximately 80%.

PRICE CHART¹



FINANCIAL INFORMATION

TICKER: CFP

SHARE PRICE: 62.5p (close 31/12/16)

MARKET CAP: £6.05m (close 31/12/16)

BUSINESS HIGHLIGHTS

FINANCIAL: £5.4m has been lent to or invested in a portfolio of eighteen unquoted EOBs and twelve publicly traded companies displaying demonstrable employee engagement. NAV of £5.2m, NAV per share of 54.1p (as at 30th Nov 2016).

OPERATIONAL: The number of employees of investee companies grew to 600, the number of employee-owned businesses increased to 18.

FUTURE TARGETS: Increasing average length of service in EOB companies, increasing individual wellbeing and number of opportunities available for employees to contribute to the running of the company.

FINANCIAL INFORMATION²

| Year end | Aug-14 | Aug-15 | Aug-16 |
|--|---------|--------|--------|
| Revenue (£'000) | 212 | 523 | 560 |
| Operating Profit (Loss) | (69) | 425 | 158 |
| Profit (Loss) before tax (£'000) | (90) | 426 | 158 |
| EPS (Loss per share) (pence) | (2.16p) | 5.79 | 0.32 |
| Total Assets (£'000) | 3,451 | 4,131 | 5,441 |
| Cash Balances (£'000) | 868 | 355 | 279 |
| Cash flows from (used by) operating activities (£'000) | (284) | (201) | (145) |
| Quick Ratio ³ | 13.78 | 7.72 | 10.48 |
| PE (x) | N.A. | 10.45 | N.A. |

¹ Source: LSE

² <http://markets.ft.com/data/equities>

³ (Cash+Marketable Securities+Receivables/Current Liabilities)

Impact Assessment Matrix

ECONOMIC IMPACT

| | MEASUREMENT | REPORTED DATA | | |
|----------------------------|---------------------------|---------------|------|------|
| | | 2014 | 2015 | 2016 |
| Financial Inclusion | No. of investee companies | 3 | 10 | 18 |

SOCIAL IMPACT

| | MEASUREMENT | REPORTED DATA | | |
|---|--|---------------|--------------|------|
| | | 2014 | 2015 | 2016 |
| Financial Inclusion | Number of employees in investee companies | 195 | 320 | 600 |
| Community | No. of locations in which investee companies operate | 9 | 18 | 26 |
| Improved Relations between company and community | Community Involvement | 2016 84% | 2017* 86% | |
| | A force for social good | 2016 89% | 2017* 91% | |

*Target figures

ENVIRONMENTAL IMPACT

| | MEASUREMENT | REPORTED DATA |
|----------------------|---------------|---------------|
| None reported | None reported | None reported |

GOVERNANCE

| | MEASUREMENT | REPORTED DATA |
|-----------------------------|--------------------------------|---|
| Corporate Governance | Audit and Risk Control | Audit and Risk control function addressed by the Directors as a whole |
| | No. of Non-Executive Directors | 2 out of 4 |
| | No. of Non-shareholding NEDs | 1 out of 2 |

MUST READ

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