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# BURNESIDE COMMUNITY ENERGY

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## £250,000 Share Offer

Opens 6.00pm November 10<sup>th</sup> 2015

Closes 5.00pm December 10<sup>th</sup> 2015 (or until target reached)

Deadline for EIS & SEIS Tax Relief Eligibility 5.00pm 26<sup>th</sup> Nov 2015

Minimum Share £250;  
Maximum Share £50,000

5% Projected Annual Interest Payment over 20 Years



James Cropper Plc, Burneside Mills, Kendal, Cumbria

Site of the 250kw Community Owned Solar PV project



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Burneside Community Energy Ltd is an Industrial and Provident Society developing renewable energy, energy distribution and low carbon resources for the benefit of the Parish of Burneside. Burneside Community Energy Ltd is registering with the Financial Conduct Authority in England and Wales under the Co-operative and Community Benefit Societies Act 2014.

1. The purpose of the Society “shall be to carry on any business for the benefit of the community of Burneside by: facilitating an increase in community ownership of renewable energy and low carbon projects; and through the distribution of energy within the community”.
2. The Society shall be owned and controlled by its Members on a fair and equitable basis.



## IMPORTANT | PLEASE READ

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Before you make an investment based on this Offer Document, you should make sure that you fully understand the specific risks which are described in this document and subsequently that you determine whether the investment is suitable for you on the basis of all this information. Specifically, in the event that the Society becomes insolvent you may lose some or all of your capital. If you are in any doubt about the contents of this Offer document or the action you should take, you are strongly recommended to consult a professional financial adviser.



**Bryce Institute: Burneside Village Hall**



**The Jolly Anglers, Burneside**

**Letter from Burneside Community Energy Company Secretary, Phil Davies**

Dear Investor,

With over 80 similar community owned organisations raising over £127million worth of shares in 175 renewable energy schemes across the UK, the model of community ownership of renewable energy is now well established in the UK. The establishment of Burneside Community Energy in October 2015 means that the benefits of energy generation can again be retained locally. At the same time as investors benefit from attractive annual interest payments, all additional profits will be ploughed back into

social and environmental projects within and around the Parish of Burneside. Meanwhile the local papermill, James Cropper Plc, has agreed to buy the electricity generated by the 250kw of solar photovoltaic panels to be installed on its roof at a reduced tariff. Using a Cumbrian company to install the solar pv equipment means that we keep local skills and communities thriving.

Whilst the recent track record of investment in community renewable energy in the UK should provide potential investors with confidence, every new investment demands careful scrutiny. The Directors of Burneside Community Energy bring to the project a broad range of technical, project and financial management skills, lengthy experience of community development and representation from Burneside Parish Council. Meanwhile the Rules of Burneside Community Energy are regulated by the Financial Conduct Authority, guiding how and where your investment can be used and restricting its distribution. All Members of the Society will have equal voting rights.

Whilst Burneside Community Energy is transparent, accountable and democratic to its Members, many people in the UK have voiced their concern over 'indiscretions' in the national and global financial sector. Whilst some people are obviously frustrated with what they feel is the slow pace of change, others have been more clearly angered by various scandals. It's no surprise then that there's a growing clamour for an alternative, more accountable form of savings investment.

Indeed, the issue of long term 'security' is not exclusive to the financial world. We know that continuing high levels of carbon emissions are creating climatic uncertainties sufficient to worry even those historically sceptical about such change. And as we all reap the benefits of global trade, so too do we reflect on losing local jobs and economic activity to far off markets we have little or no control over.

I believe it is these sorts of reactions and issues that today make Burneside Community Energy so compelling and attractive a proposition. It's a chance to become part of a local initiative which connects people with their investment right back here in Burneside, which rewards the Parish and investors with ethical financial, social and environmental benefit whilst simultaneously reducing our dependency on dwindling fossil fuels. It's a small step, hugely symbolic but also very real. The Board at BCE want you to feel a sense of pride when you invest, a sense of relief that you are doing something about all this, and to leave you with a real feeling of hope for those lucky enough to live, work or visit Burneside in years to come. Not least for some, the careful financial modelling we have undertaken means BCE expects to pay you an annual share interest



averaging 5% per annum over a 20 year period as well as over £50,000 into a community chest for Burneside.

By investing, you will be helping to make a *fundamental change* to the way that Burneside can benefit from renewable energy. In some ways, it takes us back to the days when the profits of local enterprise and of farming would be reinvested in building local homes or in the growth of other local businesses and services. Such investors could walk to where their money was being used; they could touch the stonework, talk to the new employees, or even taste the new crop. In modern times, it's just bewildering to understand where and how our investments, pensions or savings are being used.

To date, we know that many of the benefits of renewable energy projects in Cumbria 'leak out' of Cumbria. Sometimes it's the profits that disappear out of the county, sometimes it's simply the lost opportunity of employing local companies to install and maintain the equipment. This needs to change. We are convinced that through the renewable energy project that BCE is investing in, we can ensure that benefits are kept more locally.

I hope that you'll find this share offer document interesting. Inevitably with anything involving money, there's quite a lot of dry detail included! We're not apologising for this. It's important for BCE's future sustainability and it's important for you that you read through the document carefully and take an informed view of the returns you might expect and the risks that you will be taking; as such, don't be afraid of consulting an independent financial adviser. Also, it may provide you with confidence to visit [www.communityenergyengland.org.uk](http://www.communityenergyengland.org.uk) and to see the plethora of similar community energy projects paying interest and working successfully up and down the country.

The best community projects are often the ones hardest fought for. Like many volunteer-led initiatives, BCE is the product of passion, of commitment, of long experience and tenacity. It is also the product of belief and the culmination of a great deal of careful planning by its Directors. We are also grateful to the staff at Cumbria Action for Sustainability, Community Energy Cumbria and Ellergreen Hydro who have been instrumental in supporting its launch. As future Members of the Society, we encourage you to take as an active part in its development as you can.

As the Company Secretary, I am proud that we have managed to launch Burneside Community Energy with the 250kw solar PV array on James Cropper Plc in Burneside, near Kendal. Please get involved. Reward yourself and Burneside by investing in change. It's up to everyone connected with Burneside and those who believe in the principal of sensitive, fair, renewable energy and sound investment to make this happen.

Thank you,

Phil Davies  
BCE Director and Company Secretary





## IMPORTANT INFORMATION

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This document has been prepared by the Directors of Burneside Community Energy Ltd who are responsible for its contents. This summary should be read as an introduction only and any decision to invest should be made on the basis of the document as a whole. Nothing in this document constitutes investment, legal, tax or other advice from Burneside Community Energy Ltd, its Directors or advisers.

## SUMMARY OF INFORMATION

You are invited to become a Member of Burneside Community Energy Ltd (the “**Company**”), an Industrial and Provident Society for the Benefit of the Community, by subscribing for shares in the Society. These shares will help to fund the cost of installing a 250KW solar PV array on an area of roof the Company is leasing from James Cropper Plc, Burneside Mills, near Kendal in Cumbria.

The Company seeks to raise £250,000 to complete the installation of the 250KW solar PV systems. The PV array is scheduled to be installed and commissioned by the end of December 2015 in order to benefit from the current level of Feed in Tariff (9.12/kwh), which is expected to drop dramatically after this date.

Income will be generated through the Government’s Feed in Tariff and from the sale of electricity to James Cropper PLC with whom a 20 year Lease has been agreed as part of James Cropper PLC’s long term commitment to supporting the community of Burneside and to reducing its CO<sub>2</sub> emissions.

The projects will generate 193,000 kWh of renewable electricity per annum, reducing CO<sub>2</sub> emissions by 1.91million kilogrammes over the 20 years of the project, securing jobs in the local economy and providing a positive, sustainable legacy for future generations in Burneside. This will be further supported by around £50,000 the project will provide for community projects over 20 years.



View of the village playground with St Oswalds Church, Burneside



By purchasing shares (and based on the successful development of the projects) you:

- Will be participating and supporting the first community owned project of any kind in Burneside. Regardless of the number of shares you own, you will have an equal vote in how Burneside Community Energy Ltd is managed.
- Will be eligible for average interest payments on your investment of 5.0% per annum over the 20 year lifetime of the projects (2016-2036) or for as long as your capital is invested, based on projected energy generation figures (please see Risks p.27).
- Will receive your capital back over the lifetime of the project, based on projected energy generation figures (please see Risks p.27).
- May be eligible for income tax relief on your initial investment through the Seed Enterprise Investment Scheme ('SEIS' attracting 50% income tax relief on the first £150,000 of investment as well as capital gains tax reliefs if applicable) and /or Enterprise Investment Scheme. See Tax Relief section for more details on these schemes.
- Will help generate clean, green electricity in a way that doesn't compromise the special ecology or superb landscape of Burneside or that of Cumbria. This helps to play our part in reducing carbon dioxide, the main greenhouse gas causing erratic climate change.
- Will bring environmental and social benefits to the community of Burneside. As well as ensuring that the installation is undertaken by a Cumbrian company, it is projected that the solar pv array will generate a community fund in excess of £50,000 over the lifetime of the project, to be redistributed to benefit local social and environmental projects within and around Burneside.

Please note that this Share Offer **does not guarantee** you the projected interest rates or capital repayments outlined above. Your investment is 'at risk' and prospective investors are encouraged to familiarise themselves with the risks outlined in the Risk Section of this Share Offer document.



## THE OFFER

SHARE ISSUE OFFER	250,000 shares at £1 a share
MINIMUM INVESTMENT	£250
MAXIMUM INVESTMENT	£50,000
SHARE OFFER OPENS	6.00pm 10th November 2015
SHARE OFFER CLOSES	5.00pm 10 <sup>th</sup> December 2015
DEADLINE FOR EIS AND SEIS ELIGIBLE APPLICATIONS	5.00pm 26 <sup>th</sup> November 2015

Individuals over the age of 16, couples, charities and other organisations may invest in this offer. Shares can be purchased for children under 16 and held for them by their parent(s) or guardian(s).

Prospective members are invited to invest between £250 and £50,000. Industrial and Provident Societies and Organisations may invest more.

If the sum of £250,000 is not raised in full, following the closure of this share offer, Burneside Community Energy Ltd will either return your money to you, less a small administrative charge, extend the share offer opening or obtain a loan at commercial rates for the outstanding balance.

This share offer document can be viewed and application forms downloaded at [www.communityenergycumbria.org.uk](http://www.communityenergycumbria.org.uk). Copies of permissions, licences, leases and agreements are available on request from Burneside Community Energy Ltd.



View from the River Kent of James Cropper Plc, Burneside Parish





## BACKGROUND

### What is Burneside Community Energy Ltd?

Burneside Community Energy Ltd is an Industrial and Provident Society (IPS) for the benefit of the community ('IPS Bencom'). It is registered with the Financial Conduct Authority in England and Wales under the Co-operative and Community Benefit Societies Act 2014 (number 7241). Its registered office is Burneside Community Energy Ltd, c/o Community Energy Cumbria, Eden Rural Foyer, Old London Road, Penrith, Cumbria CA11 8ET.

The registered Objects of the Society are quite simply stated:

**Rule No 4:** The purpose of the Society "shall be to carry on any business for the benefit of the community of Burneside by: facilitating an increase in community ownership of renewable energy and low carbon projects; and through the distribution of energy within the community".

**Rule No 5:** "The Society shall be owned and controlled by its Members on a fair and equitable basis" (which means irrespective of the size of share ownership, each Member has one vote.)

To achieve these aims, Burneside Community Energy Ltd has chosen an ethical, well tested financial model to raise capital (the 'IPS Bencom' model). The purpose is to use this model to build sensitive, economically viable renewable and low carbon energy projects in and around the Parish of Burneside, aiming to attract lots of small investors rather than depending on one or two large, private or institutional investors. As far as practicable, Burneside Community Energy Ltd will employ local companies to supply, install and service our energy projects in order to retain as much local economic benefit as possible. The income from these projects will then be divided between covering the running and maintenance costs of the projects, repaying the capital investment back to the shareholders as well as paying an annual interest to shareholders, then ploughing any surplus back into community and environmental projects within and around Burneside Parish (hence the 'Bencom' part).

### How does this fit with the 'Burneside Vision'?

#### Maximising local opportunities whilst protecting special landscapes

In 2015, Burneside Parish launched its 'Vision' document, outlining its aspirations for the 21<sup>st</sup> Century, economically, socially and environmentally. On page 45 of the document, the Burneside Vision refers to harnessing the opportunities for renewable energy and energy distribution across the Parish. Burneside Community Energy represents the very first step in making the Vision into a reality. By linking Burneside's major employer, the residents, and investors, Burneside Community Energy is building a bright future for the community. It demonstrates that the Parish is sincere in its aims of creating a thriving, low carbon future with greater energy security and local retention of its benefits.

*"Cumbria has abundant natural resources for renewable energy, but the deployment of these needs to be undertaken in such a way that does not compromise the value and inherent quality of its natural landscapes, many of which are designated. Throughout this study, we have respected the need to ensure that projections for future energy deployment do not detract from Cumbria's outstanding environment. Taking this and a range of other constraints into account it is forecast in this study that Cumbria has deployable onshore renewable energy resources of 606 MW by 2030."*

**SQW Consultants**  
Cumbria Renewable Energy Capacity and  
Deployment Study, 2011



## How Does Burneside Community Energy Work now and in the future?

- Burneside Community Energy (BCE) is made up of a Board of Directors (initially just three Directors but we hope this will expand at the first AGM). The Directors bring with them skills and experience including renewable energy, project management, finance and community development. It is also supported by the skills and expertise of Burneside Parish Council, Cumbria Action for Sustainability, Community Energy Cumbria and Ellergreen Hydro Ltd.
- BCE identifies renewable energy projects or low carbon projects in and around the Parish that are ready to develop
- BCE produces a share offer document identifying the risks and opportunities of the schemes and detailing the share issue; this is submitted to HMRC for Advanced Assurance for tax relief schemes
- Individuals invest in Burneside Community Energy through buying shares (Minimum £250, maximum £50,000) using a simple application form and transferring the sale cost to BCE by BACS or cheque. BCE will be using Community Energy Cumbria's bank account for the share issue, after which monies will be transferred to Burneside Community Energy's own bank account.
- When the share application is accepted, the individual receives a share certificate and becomes a bone fide Member of the Society with voting rights; one member one vote
- The money is used to purchase and install the renewable energy system and to manage the project and shares
- Investors receive an annual return on their investment once the projects start earning income from the production and sale of electricity
- Capital as well as interest is paid back to the investors, based on projected energy generation figures (please see Risks section)
- Members are invited to BCE events and to the Annual General Meeting
- At the AGM, BCE's Members are presented with full accounts of all income and expenditure and agree how to distribute any surplus that is generated for local environmental or social projects in and around Burneside. The mechanism for this will be proposed and discussed at the first AGM by Director and Members.
- Burneside Community Energy hopes that its establishment in Burneside will spark other community initiatives, possibly with similar share offers.



## RULES OF THE SOCIETY

The full Rules of the Society can be downloaded from [www.communityenergycumbria.org.uk](http://www.communityenergycumbria.org.uk) under the link for Projects and Burneside Community Energy.

Below, we have picked out and summarised in non-legal, plain English just a handful of the Rules that we feel may be of common interest, but we recommend that you read the whole 122 Rules of the Society comprehensively in order to fully inform yourself and to have peace of mind. **Please note that the following summary is NOT the legal document**, is not in the order in which it is presented in the legal document and that you should consult our actual Rules for exact terms.

1. We are an Industrial and Provident Society established for the Benefit of the Community (known as an 'IPS Bencom').

The purpose of the Society "shall be to carry on any business for the benefit of the community of Burneside by: facilitating an increase in community ownership of renewable energy and low carbon projects; and through the distribution of energy within the community".

The Society shall be owned and controlled by its Members on a fair and equitable basis.

This means developing and installing renewable energy and low carbon systems in and around Burneside owned by a large number of people, all with equal voting rights, and using the surplus from these projects to support community and environmental activity in and around the Parish of Burneside.

2. To be a member of the Society you must hold at least the minimum number of shares. One share = £1; the minimum share ownership is £250 and the maximum is £50,000. IPS and organisations may invest more.
3. The Society will use the net annual income (i.e. net income after paying for the 'running costs' of the two projects) to (a) pay the essential management costs of the Society (filing accounts, insurance, project management, sending our information to Members etc.); (b) to build up a fund to enable us to pay back the capital that Members have invested; (c) to pay an annual interest to the Members on the capital they have invested; (d) use any surplus profits for "making payment for community and environmental activity in or around the Parish of Burneside," often referred to as the community dividend. The Society may also decide to retain some income as cash reserve to act as a contingency fund and for paying back Members who wish to withdraw their shares (see below).
4. The Society is governed by an 'Asset Lock' which means that there are tight restrictions on how it can use its assets (Rule 97). For example, in the event of the Society running into financial difficulty, its assets cannot be taken out by any of its Directors beyond the value of their shares, but instead could only be transferred to another registered entity with similar focus on community benefit.
5. Each member has one vote regardless of the number of shares he /she holds.
6. The Society is only allowed to pay sufficient annual interest to attract and to retain your investment, as proposed by the Board and voted on by the Members.



7. The Society is governed by a Board of Directors which is elected by the Members.
8. At Board meetings there must always be a minimum of 3 Directors or 50% of Directors present (whichever is the greater number) in order to make decisions.
9. At the first AGM, ALL of the Directors must stand down. At subsequent AGMs, one third of the Directors must stand down. In both instances, any Director standing down can be re-elected by Members.
10. The Society will hold an AGM once a year to present accounts, declare how the Society will allocate its surplus and elect Board Members. The Society may also hold additional General Meetings.
11. In addition to the elected Members, the Board may appoint up to 2 further Directors on account of their particular skills.
12. Individuals can be members, either singly or as joint membership. Organisations can also be members. It is possible for a member to hold shares on behalf of another person, e.g. someone under the age of 16.
13. The Board of Directors can refuse membership and the Society will keep records of both Members and the Company Officers.
14. The shares you own will be withdrawable, but not transferable. This means that you cannot sell or transfer them to anyone else, other than to the Society itself. In order to reclaim their value, the Society will buy them back from you. This will normally be for the same price that you paid for them (it cannot be more), but it may be less if the value of the shares has reduced since purchase. Normally you need to give 3 months' notice in writing if you want to withdraw any shares; in exceptional circumstances the Society may be able to buy back the shares more quickly.
15. The Board of Directors have the right to suspend share withdrawals for as long as they feel is necessary. (They might do this to prevent too many investors taking out their money all at once whilst the Society is building up a sufficient cash reserve).
16. If you die, become bankrupt or are expelled from the Society you will cease to be a Member and the Society will withdraw your shares and pay their value to you or to your estate.
17. If you are expecting to claim either 50% tax relief or 30% tax relief through the Seed Enterprise Investment Scheme (SEIS), Enterprise Investment Scheme (EIS)), you will need to keep your shares in the Society for a minimum of 3 years.

NB: You should also be aware that for the purposes of this share offer that in applying for shares, Members will be giving their consent to receive intermediary capital repayments of their investment at the discretion of the Society, irrespective of whether Members have or have not requested repayment of their capital / shares in any particular year.



## THE DIRECTORS OF COMMUNITY ENERGY CUMBRIA LTD

**Tony Hill, Director**

Tony is a Burneside parish councillor. He is chair of *The Burneside Partnership* that is developing the *Burneside Vision* that aims to create a vibrant and sustainable world-class village and community for Burneside. He was a Lake District National Park ranger for over twenty years, working on many strategic projects that delivered sustainable environmental, recreational and community outcomes. Since retirement, he owns and manages bed and breakfast accommodation in Burneside for walkers on the Dales Way trail. His working life included serving as a police officer, an NCO with the Parachute Regiment and a mountaineering instructor, operating throughout the UK and abroad.

**Mark Cropper, Director**

Mark started his career in the clean energy industry in 2001. In 2004 he joined Turquoise Associates, a London based environmental finance specialist, to focus on advising and raising money for renewable energy businesses. In 2008 he stepped back from this role to focus on establishing his own business Ellergreen Hydro. The business had a singular ambition - to lead a renaissance in hydro power in the Lake District. Since its inception Ellergreen, assisted by its partner Gilkes, have brought forward close to 20 projects, overseeing over £10m of investment to date in Cumbrian hydro. Nearly all has been spent on local suppliers and created new sources of income in numerous valleys that will support their localities for decades to come. Mark is also non-executive chairman of the Burneside paper group and family business James Cropper plc.

**Phil Davies, Director and Company Secretary**

Phil Davies currently serves as Company Secretary of Community Energy Cumbria. He brings a wealth of practical renewable energy and project management experience to Burneside Community Energy. Having lectured in Rural Economics and managed a series of high profile European rural diversification programmes, Phil has also led very practical, multi million pound energy efficiency and renewable retrofit programmes on social housing in west Cumbria. Phil recently served as the Social Enterprise Manager for Impact Housing, where he delivered a number of self-financing projects with community benefit, similar to those proposed by BCE. Since 2003, he has been responsible for bringing regional and international funding to public and private renewable energy initiatives within Cumbria. He also works part time as an Environmental Service Manager for Cumbria Action for Sustainability.

### Disclosure Statement

*Neither Community Energy Cumbria Ltd or its Directors have, at any point, been discharged bankrupt nor disqualified under the Company Directors Disqualification Act 1986 or to an order made under Section 429(b) of the Insolvency Act 1986*





## THE INVESTMENT PROJECT

250kw Solar PV Array on the Roof of James Cropper PLC, Burneside, Near Kendal, Cumbria.



### Where is it?

The 250KW PV solar array will be sited on the roof of James Cropper PLC's Burneside Mills, Nr Kendal, Cumbria LA9 6PZ. Founded in 1845 and a world leader in the production of paper and advanced materials, James Cropper PLC ([www.cropper.com](http://www.cropper.com)) places great emphasis on its company values which include strong commitments to community and sustainability. The photo shows James Cropper PLC's central location in Burneside.

### Why has James Cropper PLC been chosen for a photovoltaic array?

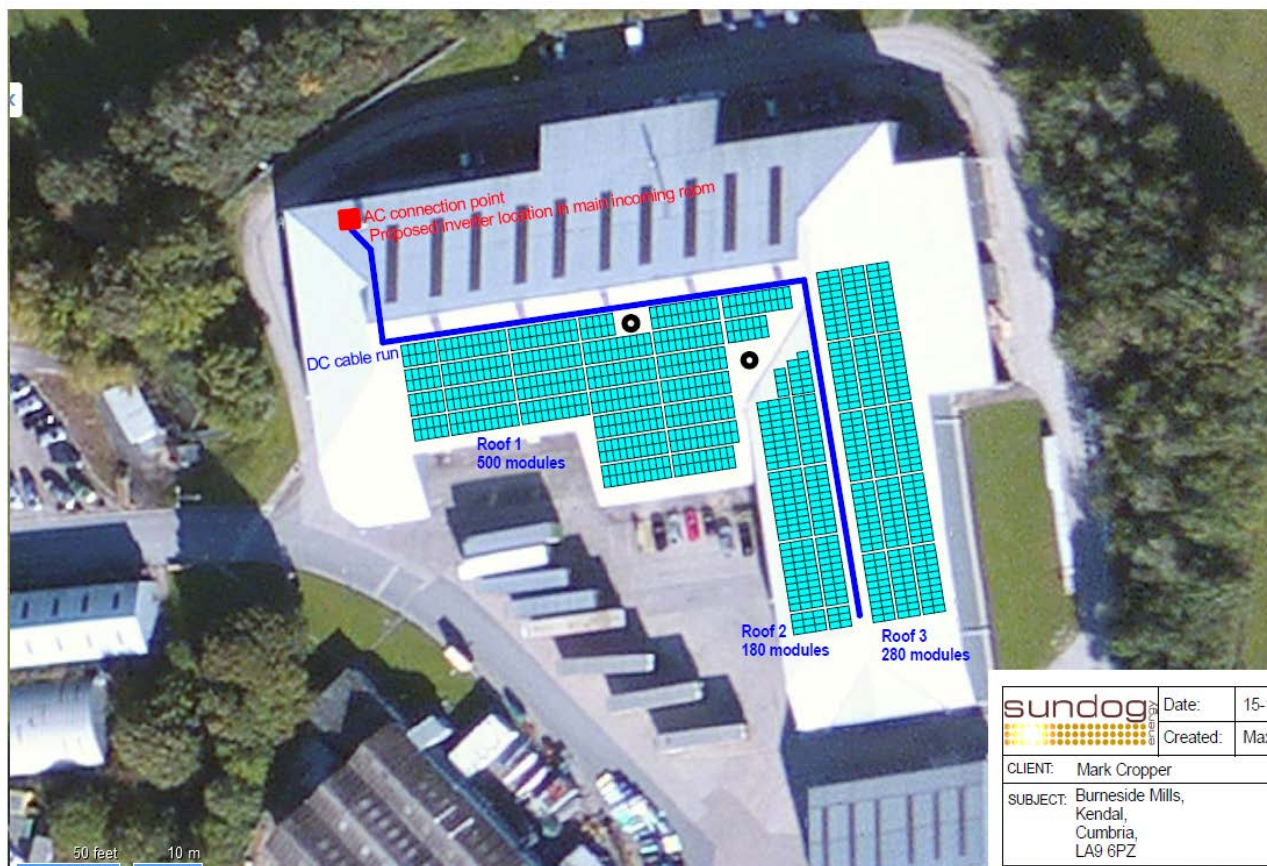
A series of considerations led Burneside Community Energy to work with James Cropper PLC. We were keen to find a company or organisation in Burneside whose ethos, commitment to community, local employment, tackling climate change and/ or safeguarding landscape reflected our own values. BCE also needed to find a company or organisation whose roof was:


- Sufficiently large to make the installation of a solar PV array economically viable
- The owners of which were prepared to purchase electricity from BCE and which would use a large proportion (if not all) of the electricity produced by the PV panels
- From which the solar generating capacity would not be significantly impinged by aspect or shading
- Which would not cause concern regarding visual impact

The synergy with James Cropper PLC was obvious from the start and we are delighted that both BCE and James Cropper PLC's management have agreed to the development of this exciting project.

### Generating capacity

Burneside Community Energy will be contracting Sundog Energy Ltd to install a 250kw capacity of solar PV, generating 193,000kwh per annum of electricity, saving approximately 1.91million kgs of CO<sub>2</sub> over 20 years. By Year 20 we have based income on a generation capacity of 87% of the Year 1 generation levels owing to slight deterioration in output expected for PV technology over this period.



	Date:	15-10-15
	Created:	Max
CLIENT: Mark Cropper		
SUBJECT: Burneside Mills, Kendal, Cumbria, LA9 6PZ		
REF: 17670 - Burneside Mills		
Fairfield House, North Lakes Business Park, Penrith, CA11 0BT		

## Local Contractors

Sundog Energy Ltd from Flusco, near Penrith in Cumbria are a long established company with installations all over the UK. The company is committed to helping community owned renewable energy.

## Costs

- The total project cost will be approximately £250,000 + VAT.
- Annual maintenance costs, insurance and management of Burneside Community Energy will be approximately £4,500 pa.
- New inverters have been budgeted for 2026 at a cost of £25,000.

## Income

Gross annual Income in the first full year of operation is projected to be approximately £28,000 pa, consisting of the Feed in Tariff and solar PV electricity bought by James Cropper Plc. After annual maintenance costs, this leaves a surplus of approximately £23,500 pa in the first full year of operation for payment of interest, capital repayments and community benefit.

## Risks: Technical, Legal and Financial

Like all renewable energy projects, no project is without risk, though steps have been taken to minimise risks including careful selection of installer, appropriate siting of array and long term lease of the required area. The financial modelling has also taken into account risk factors as far as identifiable including degradation of PV performance, operational and administrative costs.

**Grid Connection and local surveys**

The project has received the required approval from Electricity Northwest, the District Network Operator or DNO. Although the electricity will be supplied direct to James Cropper PLC this is required for any generation that operates in parallel with the grid, as is the case at Burneside Mills. A survey of the roof structure to confirm it will carry the array has been carried out with no cause for concern. The installer has also checked and confirmed and budgeted for the electrical integration works required.

**Lease**

A Lease has been drawn up between BCE and James Cropper Plc. This comprehensive lease covers matters including minimum term of 20 years, peppercorn rent (in return for discounted electricity).

**Power Purchase Agreement**

James Cropper PLC have agreed to buy electricity generated by the array at a discounted price of 5.5p/kWh. This will be codified in a power purchase agreement (PPA) prior to commencement of generation. The figure will be adjusted annually in line with the retail prices index (RPI). Should the PPA purchase price ever exceed the price that James Cropper PLC pays to import electricity (currently at a significant premium), this will trigger a price review.

**Solar output**

Figures for solar output have been calculated using industry standards, site specific aspect, roof angle and shading potential based on postcode of LA9.

**Maintenance of the Solar PV array**

The financial modelling of the solar pv installation accounts for replacement of the solar PV inverters during their lifetime at a cost of £25,000 in 2026. The panels themselves come with a 25 year guarantee. It is estimated that after 20 years, the panels will still generate at 87% efficiency of their Year 1 output. An annual decrease in performance has been accounted for in the projected income. BCE has budgeted a small amount for annual maintenance.





## COMMUNITY BENEFITS



One of the driving forces behind this project is to find a way to ensure that as many of the residents of Burneside as possible can benefit from renewable energy. Obviously those who chose to invest in this project will hopefully gain from an attractive interest payment in return for providing and risking their capital. But what of those who can't afford to invest or chose not too? By registering as an IPS Bencom with the Financial Conduct Authority, Burneside Community Energy is bound to distribute any additional profit back into the community (beyond paying investors a fair return, paying for the management of the project and the administration of BCE).

Projected income shows that BCE will be able to distribute between £2,500-£3,750 every year for 20 years back into the Parish (over £50,000). This 'surplus' represents 30% of the total expected net annual interest paid out to investors (commercial developers generally pay less than 1%). BCE will not divide this sum across all of the residents of Burneside, but instead invest it in projects to help build a thriving, involved, active and sustainable community. Proposals for how the funds are managed and distributed will be proposed at the first AGM where all Members (shareholders) will have the right to vote. The distribution process will place special emphasis on activities that encourage environmental and social progress in Burneside in the following ways.

### **SUPPORTING ENERGY EFFICIENCY, FUEL POVERTY & LOW CARBON PROJECTS:**

Projects might include: draught stripping the homes of those in fuel poverty, delivering a programme of environmental activity; supporting residents to develop their own renewable energy projects; reducing home energy use by improving the fabric of people's homes, helping people find the best energy tariff and supporting the community with a range of advice and training.

### **SUPPORTING YOUNG PEOPLE AND THE SCHOOL**

Like many areas in Cumbria, particularly rural areas, opportunities for young people in Burneside can feel limited, especially so for those who have recently left school or college. Our community benefit fund could be ploughed back into broadening young people's horizons and providing experiences that enable them to pursue their ambitions. It could be used to support youth enterprise, apprenticeships and training, recreation and learning. It could be used for projects at St Oswald's and for youth groups.





### **SUPPORTING VITAL COMMUNITY SERVICES**

Fragile community services are often delivered by overstretched volunteers with underfunded budgets. The community benefit fund from BCE could help to support these services in and around Burneside, be they health or transport or simply offering company to those most isolated or vulnerable.

### **CONSERVATION, WILDLIFE ENHANCEMENT, HERITAGE & RECREATION**

Burneside's rich natural heritage is also a fragile one that needs looking after. BCE may be able to provide funding to enhance the natural and built heritage of Burneside and support the enjoyment and understanding of these areas by our community and visitors in a way that ensures their long term protection.



Apprentices at work planting trees. Photo by kind permission of Matt Sharman

### **YOUR SOCIETY – SO YOUR VOTE MATTERS**

Because Burneside Community Energy Ltd is an Industrial and Provident Society, it means that whatever the size of your investment, everyone has one vote. BCE is keen that as many members get involved in the organisation, whether this means simply casting your vote at AGMs, serving as Board Members, spreading the word about BCE or even helping to bring further energy projects forward to the Society.







## OUR PARTNERS

Burneside Community Energy Ltd has received advice and support from a wide range of organisations and individuals, without which this initiative would not have flourished.

**Burneside Parish Council.** The inspiration for this project comes from the aspirations of Burneside Parish Council as laid out in its **Burneside Vision** document. This is the first step in making this Vision a reality. It is fitting that this project originates from within the Parish.

**James Cropper PLC**, established in 1845, are BCE's landlords. The company creates some of the world's most distinctive and technically advanced paper products, using materials ranging from cotton and wood to carbon fibre. It supplies industries from packaging to digital imaging and aerospace with products that are at the cutting edge of performance. Without their careful consent and lease considerations this project would not have launched. Their commitment to community energy and the long term prosperity of Burneside have been critical.

**Cumbria Action for Sustainability (CAfs)**, a registered charity (No. 1123155), has been crucial in the development of BCE Ltd, providing technical advice and support in registering the company, in shaping its Share Offer and hosting the webpage. It has shared its experience on establishing **Community Energy Cumbria Ltd**, and in so doing, it has enabled Burneside Community Energy to launch at short notice, providing CEC's bank account as an interim during the share offer period.

**Ellergreen Hydro Ltd**, based at Burneside, Kendal has offered free technical, legal and administrative support throughout the project development. It has also led negotiations with Sundog Energy Ltd (the installers) and paid the deposit, at its own risk, to ensure the project is delivered on time to clarify for 2015 Feed in Tariff rates.

**Sundog Energy Ltd**, Flusco, near Penrith are a local Cumbrian renewable energy business, having previously supported the development of the community energy model here in Cumbria.

**Co-operatives UK** (an IPS reg. 2783R) has provided a registration and mentoring service to BCE Ltd so that we could learn from the many teething experiences of community energy co-ops up and down the country. Co-operatives UK works to promote, develop and unite co-operative enterprises.



Ellergreen Hydro





## OPERATING AND FINANCIAL OVERVIEW

### Commencement of Operations

Burneside Community Energy Cumbria Ltd is currently being registered with the Financial Conduct Authority with registration expected by 13 November 2015. The first annual accounting year will be from the date of registration. We expect to begin paying interest to Members after March 2017, which will be the first full year of accounts after commissioning the solar photovoltaic array in December 2015. All expenditure and income will be presented to Members at the Annual General Meetings.

### Operational Cash Flow

Over and above Burneside Community Energy's requirement to raise capital for the installation of the solar pv project, BCE has limited requirements for working capital. It has no employees and no fixed capital. BCE's establishment has been facilitated by Cumbria Action for Sustainability (CAfS). Should additional project management time be required by BCE and its administration throughout the lifetime of the project, there is capacity for BCE to employ the services of CAfS (or any other organisation) to carry out the work – thereby minimising overheads for BCE. The projected costs and income for the project already includes management costs.

### Annual Income

Burneside Community Energy will generate income from: the generation of electricity attracting the Government's Feed-In-Tariff and the sale of electricity to James Cropper PLC at an agreed price per kw/h as noted above.

Year 1 (2015-2016) will involve the installation and commissioning of the solar PV array in November and December 2015. Year 2 (2016-2017) will be the generation of the first full 12 months of PV electricity. Total income is predicted to be £28,000 per annum in the first full year of operation. The Feed-In-Tariff is index linked to inflation (RPI). The sale of electricity to James Cropper PLC is also linked to inflation. The feed in tariff will be paid for 20 years from the commissioning date.

### Annual Inflation

It is difficult to predict inflation over the 20 year period. Whilst inflation is currently around 0-0.5% pa, BCE has taken advice from financial managers and similar projects which suggest using a conservative, average inflation rate of 2% over the 20 years on which to base projected income and expenditure. It is on this basis of 2% inflation that we have predicted interest payments to Members. As the Feed-In-Tariff is linked to inflation, then if inflation remains below 2% as an average over 20 years, then the total income over the lifetime of the project will be reduced and so too the pool of funds available to Members. Similarly, if inflation rises above 2%, then income may rise over expenditure and the Board may be in a position to propose changes in the distribution of surplus.

**Annual Costs and Expenses**

The cost of administering and managing the project is predicted to be £4,500 per annum (rising annually in line with inflation). This includes the cost of insurance, maintenance of equipment, metering and annual management and administration (AGM, filing annual returns, legal fees etc.). The Directors of Burneside Community Energy are voluntary and are not expected to claim remuneration for their governance duties, aside from basic travel and meeting expenses. In Year 2026, the Society has budgeted £25,000 towards the cost on new inverters for the PV Panels.

**Capital Costs**

A total sum of £250,000 is required to be raised through the share issue. This covers the cost of the capital equipment, legal cost, registration with Ofgem, the Financial Conduct Authority, the DNO and to pay CAfS for the set up and administration of the company and its launch documents.

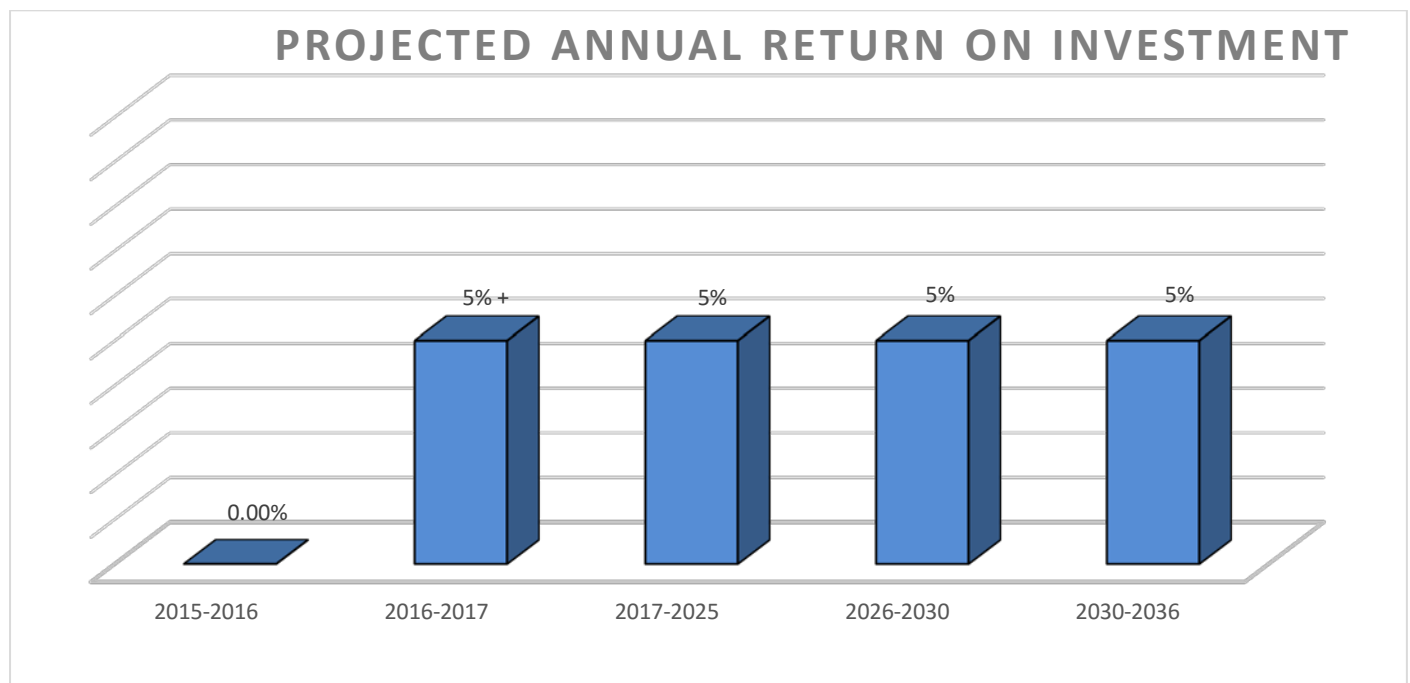


## FINANCIAL RETURNS TO BURNESIDE COMMUNITY ENERGY MEMBERS

### Interest Payments

Members of Burneside Community Energy Ltd, in line with our Rules as an Industrial and Provident Society for the Benefit of the Community (IPS Bencom) are projected to receive a 'reasonable' return on their investment: this means paying a sufficient rate of interest to firstly obtain and then to retain enough capital for Community Energy Cumbria to operate successfully.

Burneside Community Energy has projected an average target interest rate of 5% per annum over the 20 year operating life of the project between 2016-2036. Income generated in the first three months (Jan/Feb/March 2016) will be rolled over into 2017, so first interest payments to Members are expected to be in May 2017 (hence 5%+ in the table below), following the Society's AGM.



### Tax Relief

Additional benefits in the form of tax relief on your initial investment may be possible through HMRC's Seed Enterprise Investment Scheme ('SEIS' attracting 50% tax relief on the first £150,000 of investments in BCE and /or Enterprise Investment Scheme attracting 30% tax relief). Please note that we cannot guarantee your own eligibility for EIS / SEIS though previous similar share issues involving community renewable energy have attracted this relief. The Government is closing this scheme on 30<sup>th</sup> November 2015, hence why Burneside Community Energy is aiming to raise and issue shares before this date.

### Share Allocation Timetable

The Directors of Burneside Community Energy expect to meet on or before the 15<sup>th</sup> December 2015 to confirm the allocation of shares to applicants. BCE plans to hold its first AGM in May 2016 and to make the first interest payments shortly after the second AGM in May 2017.

**Community Fund**

Over the 20 years of the project, payments to social and environmental projects within and around the Parish of Burneside are anticipated to exceed £50,000 (see Community Benefit section of this document for details). This amounts to 30% of the total interest payments. Proposals for the distribution of this fund will be made by the Directors of the Society at the AGM at which Members will be able to vote.

**Withdrawal of Capital and Repayment of Capital by the Society**

Investors should be aware of the Society's Rules in their expectation of the withdrawal of capital (See Rules 27, 28, 29, 30 and the additional discretion of the Society under this share offer to repay capital throughout the period of the projects (2016-2036)). Prospective Members should consider their investment as a long term investment and be prepared that capital might not be repaid until year 20. However, the Society plans to make limited capital repayments available from year 5, staggered across the 20 years of the project (see 'Anticipated Total Capital Repayments' Table below).

In common with many share issues, over the lifetime of the project some Members are likely to want to withdraw their investment for a myriad of reasons (from buying a new car, to reinvestment, to covering an emergency financial need, as examples). If a Member of the Society dies, the Society will also need to make available repayment of the capital to the Estate of the deceased.

You should be aware that the shares you own will be 'withdrawable', but not 'transferable'. This means that you cannot sell or transfer them to anyone else, other than back to the Society itself. In order to reclaim their value, the Society will buy them back from you. This will normally be for the same price that you paid for them (it cannot be more), but it may be less if the value of the shares has reduced since purchase. Normally you need to give 3 months' notice in writing if you want to withdraw any shares; in exceptional circumstances the Society may be able to buy back the shares more quickly.

At the Society's Annual General Meetings, the Board will decide how much capital is available for repayment in the following year. Capital repayments will be allocated on a first come, first served basis upon request from Members. The Estate of Members who have died during the accounting year will take priority.

As Rules 27-30 of the Society clearly set out, the Society reserves the right to suspend share withdrawals for as long as they feel this is necessary. The Society might do this to prevent too many investors taking out their money all at once whilst the Society is building up sufficient cash reserves / contingency.

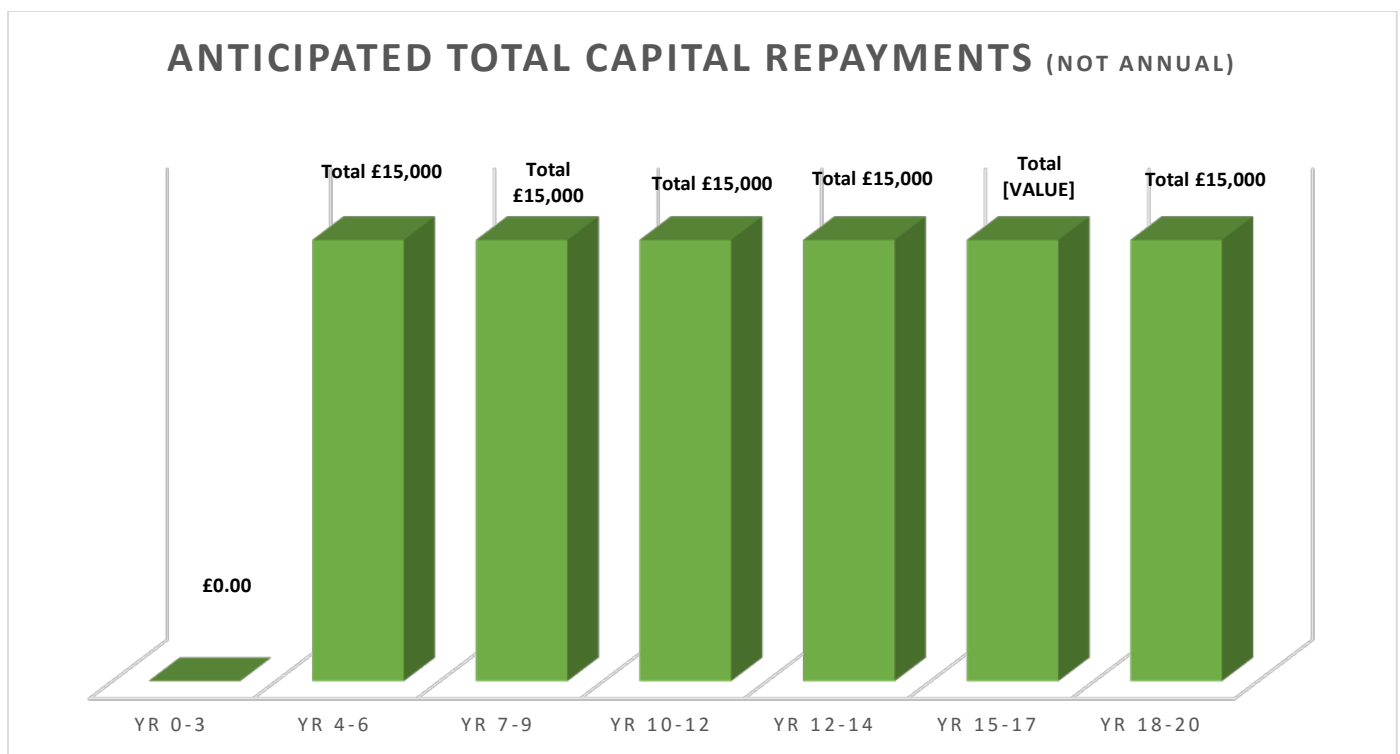




### Consent to Receive Capital Repayment

By subscribing to this share issue and consistent with the Rules of the Society, Members give their consent to receive capital repayment at the discretion of the Society, irrespective of whether Members have or have not requested repayment of their capital / shares in any particular year.

The financial model on which annual interest payments in this Share Offer is made requires that some capital is returned to Members throughout the 20 year period of the project (i.e. the Society returns some of the original £250,000 capital investment / your shares during the lifetime of the project). Income from the generation and sales of renewable electricity is projected to pay an average 5% interest over 20 years (yr2-yr20) on any capital that is retained within the Society in any one year, but this income is insufficient to pay Members an average 5% annual interest on the full £250,000 every year for 20 years (i.e. if no capital was withdrawn for 20 years). Therefore, should there be insufficient demand from Members for the return of capital in any one year, or repayments to the Estates of deceased Members, then at the AGM the Board may resolve to require a proportion of the Society's share capital to be withdrawn by its Members, divided proportionately amongst Members according to the number of shares each Member retains in the Society. By subscribing to this Share Offer, all Members are deemed to give any consents required to the withdrawal of the shares as described above.



### Taxation

Burneside Community Energy does not anticipate having any liability for Corporation Tax until after its capital allowances have been exhausted. BCE will be VAT registered.



## ASSUMPTIONS – SEE ALSO RISKS

The Financial Projections are based on the following principal assumptions, the majority of which are ultimately beyond the control of Burneside Community Energy:

- Burneside Community Energy raises £250,000 during the period of the share issue (November 10th 2015-December 10th 2015)
- The PV project is installed and commissioned as per timetable (by end of December 2015).
- Capital costs do not exceed those forecasted
- Electricity outputs parallel those forecasted
- Expenses are projected at a similar level to those forecasted
- Current expectations relating to the global energy market, the UK electricity industry, UK government policy and the desirability for and the promotion of electricity from renewable energy sources will remain reasonably consistent over the next 20 years
- Inflation is no less than 2% on average over the lifetime of the project, especially regarding the RPI and also electricity prices

Note: A higher rate of inflation is likely to improve the financial performance of Burneside Community Energy as it is likely to lead to higher Feed-In-Tariffs for solar PV, above the more constant annual costs.



The River Kent at Burneside



## TAX RELIEF

IMPORTANT INFORMATION: On October 26<sup>th</sup> 2015, the Government announced a timetable to end tax relief on community renewable energy schemes. The deadline for this tax relief is 30<sup>TH</sup> November 2015. This obviously has been a significant shock to the sector, coming so quickly after its unexpected announcement. This explains why our first share issue is so short (November 10<sup>th</sup> 2015 – December 10<sup>th</sup> 2015) as we hope to be able to benefit from several tax relief schemes before the Government closes the door.

Burneside Community Energy Ltd is applying to HMRC for SEIS and EIS tax relief schemes for eligible investors covering the £250,000 share offer. Community benefit companies are still eligible to attract these reliefs, however they are being removed by the government when its Finance Bill comes into effect (earmarked for 30 November 2015). For this reason, those investors seeking such reliefs must have applied for shares and have cleared funds deposited with BCE by 5.00pm 26 November 2015.

BCE is following the precedent of similar IPS Bencom renewable energy projects in the UK and Cumbria which have successfully attracted eligibility, and will be taking careful steps to ensure SEIS and EIS reliefs can be made available. However, it cannot provide a guarantee of individual eligibility. Please therefore consider your investment particularly carefully if your decision depends on Seed Enterprise Investment Scheme (SEIS) or Enterprise Investment Scheme (EIS) eligibility.

BCE is applying for SEIS tax relief (50% income tax relief on the initial investment for the first £150,000 of shares allocated, on a first come, first served basis, prioritised for those resident in the Parish of Burneside, then Cumbria and finally those from further afield) and also for EIS tax relief (30% income tax relief allocated, on a first come, first served basis, prioritised for those resident in the Parish of Burneside, then Cumbria and finally those from further afield).

If BCE is successful in attracting either SEIS or EIS eligibility or both for this share offer, then the Society will inform you on allocation of your shares which of the schemes you are eligible to claim tax relief against.

Please note: it is for individual investors to apply for SEIS / EIS / SITR tax relief in their tax returns or through informing HMRC, so you will need to be eligible to benefit. It is advisable to check first with an accountant or financial advisor that you will be eligible, if this is important to you. You can also get more information about EIS and find out how to apply at HMRC's information site: [www.hmrc.gov.uk/eis](http://www.hmrc.gov.uk/eis)

**How can I benefit from SEIS or EIS?**

SEIS and EIS can be a significant benefit to taxpayers, irrespective of the amount of shares subscribed for or the rate at which Income Tax is paid. For example, SEIS or EIS Income Tax relief, if available, is 50% and 30% respectively of the value of the shares, which qualifying Members can claim back against income tax for the financial year in which the shares were issued (or the previous year). Shares qualifying for either SEIS or EIS must then be held for 3 years. If shares lose value then members can set this loss (minus the initial relief) against income for tax purposes in that year (or the previous year). The SEIS and EIS scheme also allows for relief of Capital Gains Tax under certain circumstances. However, the Directors are not in a position to absolutely guarantee eligibility.

This is a summary of how EIS, for example, works:

1. For every £1 invested, you can offset 30p against income tax. The general rule is that the relief is available for the tax year in which the shares are issued. But if you choose, you can treat some or all of the shares as issued in the previous year and claim relief in that previous year, subject to the maximum £1 million relief limit for the year. (I.e. you can reclaim against income tax in a current year and previous year).
2. For every £1 invested, you can also defer capital gains tax at the rate you have incurred it. I.e. if you have a 28% CGT liability, you will be able to defer paying 28p in every £1. If you have already paid the CGT (up to 3 years prior to the date of investment) you will be able to reclaim it. The gain can arise from the disposal of any kind of asset, but the investment must be made within the period one year before or three years after the gain arose. (I.e. you can crystallise a gain up to one year after investment and 3 years before).
3. The relevant date for relief is the date in which shares are subscribed for and issued.

**Example**

Anna is a qualifying taxpayer who invests £10,000 EIS qualifying shares. The EIS relief available is £3,000 (£10,000 at 30%). If her income tax liability for the year (before EIS relief) was, for example, £8,000 she could reduce it to £5,000 as a result of her investment. For full details see <http://www.hmrc.gov.uk/eis/>

**Taxation of returns to Members**

Interest payments made to Members will be subject to United Kingdom taxation. It is expected that payments will be made gross and investors will be responsible for declaring this income on their tax returns. Taxation rules may be subject to change.



## RISK

As Burneside Community Energy is being incorporated with limited liability, the liability of its Members will be limited to the amount paid for their shares. This means whatever happens, all you could possibly lose is the value of your shares. However, prior to making any decision to subscribe for shares in the Society, you should carefully consider, together with all other information contained in this document, the specific risk factors described below which are considered by the Directors to be material in relation to the Society and to the projects.

These risk factors are not set out in any particular order of priority and should not be regarded as exhaustive or a complete and comprehensive statement of all potential risks and uncertainties associated with the Society. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may also have an adverse effect on the Society's operating results, financial condition and prospects.

### **Social, Environmental and Financial Investment**

As an Industrial and Provident Society for the Benefit of the Community, investing in Burneside Community Energy Ltd should be seen equally as a social, environmental and financial investment and is not established primarily as a means of enabling Members to make financial gain. We cannot guarantee a safe haven for your money or even that you will ever receive back all of your investment. However, the Board of Directors have taken significant steps to minimise risk and maximise the security of this investment, taking relevant advice from accountants, renewable energy experts, solicitors, investment companies and other community energy enterprises. Fortunately there are already at least 175 similar community renewable energy projects operating successfully in the UK from which we have been able to learn lessons and adopt best practice.

Your attention is drawn to the following risks:

### **General Risks of Investment:**

- The value of your income can fluctuate and you may not get all of the money that you invest back. Smaller companies and projects of this type are not generally viewed as 'safe' as the larger 'blue chip' companies listed on the stock market.
- We have based the projections on an average annual inflation of 2% over a 20 year period and this may alter.
- Shares are not traded on the stock market.
- Shares are not withdrawable by Members 'at will'. However, during the 20 year lifetime of the project, the Company will build up a fund from the income it generates and at the discretion of the Board allow its Members to withdraw shares or to reinvest them in similar projects managed by BCE. If the demand to withdraw shares exceeds the sum of cash reserves which the Board considers wise to retain in the company, then the Board reserves the right to delay withdrawal. Investment in these Shares should therefore be seen as a long term investment.
- The Society reserves the right to make capital repayments to Members proportionate to their remaining share allocation in the Society at any time during the lifetime of the project. Members will be paid interest only on the capital (their shares) retained in the Society.





- Good practice requires that interest payments should only be paid from current operating profits and not from forecast income.
- There is no prospect of shares in this Industrial and Provident Society ever being worth more than their nominal value.
- Whilst BCE has submitted an application to HMRC for Seed Enterprise Investment Scheme and Enterprise Investment Scheme tax relief, there is no guarantee that HMRC will accept the application.
- The financial projections might not be accurate and projected solar and hydro output may not be realised.
- Climate change could have unexpected consequences.

### **Renewable Energy Risks**

- Government policy towards renewable energy may change, including feed in tariffs and tax incentives.
- New technologies and energy generation may render solar PV obsolete or comparatively inefficient.
- Future electricity prices and business costs may not follow forecasted linear projections.
- Generation levels of solar may not be as projected due to climatic variables, interruptions in operation due to repair and maintenance. Solar power projections are based on industry standard modelling for a grid reference of Burneside.
- The Power Purchase Agreements obtained from the PV scheme may not always be as favourable as anticipated in the financial projections.

### **Installation and Operation Risks**

- Whilst the cost of installations are based on quotes and include contingency, and whilst the technologies come with time specific guarantees, unforeseen installation and operating costs could change projected income generation and therefore interest payments
- Installation may take longer than projected and therefore delay the generation of income
- In the unlikely event James Cropper PLC seeks to redevelop its buildings, a provision has been given to move the array. The costs of moving the array will be shared between BCE and James Cropper PLC.



## SHARE OFFER

This offer is being made so that:

- A roof mounted 250kw solar pv array can be installed at James Cropper PLC, Burneside to generate electricity.
- The local community (in and around the Parish of Burneside) may benefit from the Society's activities.
- 250,000 ordinary Shares of £1 are offered at par and payable in full on acceptance of an application on the Terms and Conditions of this Offer Document. The shares, which will not be traded on any stock exchange, have been created under the Industrial & Provident Societies Act 1965.
- Full applications will be accepted on a first come, first served basis from all prospective investors. Should the sum of £250,000 be exceeded by the date of closure, then share issue priority will be given to applicants who are resident in Burneside or who work at James Cropper Plc, then residents who live outside of Burneside but who are resident in Cumbria. If share applications from these groups does not reach the target sum of £250,000, then share issue will include applicants from outside Cumbria according to the date that BCE received their application. The Society retains the right to close the share issue at any time before 10<sup>th</sup> December 2015 if it has received the amount in full. See also 'Terms and Conditions' of share offer.
- Successful applicants will receive share certificates and their details and holdings will be recorded in a share register to be kept by Burneside Community Energy Ltd. at their Sales Office: Burneside Community Energy Ltd, c/o CAFS, Eden Rural Foyer, Old London Rd, Penrith, Cumbria CA11 8ET. Each person or organisation issued with Shares becomes a Member of Community Energy Cumbria Ltd with membership rights defined in the Rules

The principal rights are:

- One vote per shareholding on resolutions of the Members, including in relation to the appointment of Directors.
- The right to receive a proportionate annual interest payment as a return on the investment in shares (subject to available funds).
- The right to the return of the original investment at the end of the life of the project, or at stages as determined by the Directors and subject to available surplus assets and any new business of the Society.
- As a member, eligibility for election to the Board.
- Interest will be paid according to the shares owned by each Member. The date on which entitlement to interest (or any dividend) arises will be announced each year. It is envisaged that any interest payment unclaimed for a period of 7 years will be cancelled for the benefit of Members.



## TERMS AND CONDITIONS FOR APPLYING TO SHARES

Before completing the Application Form you should consider taking appropriate financial and other advice, particularly in relation to any aspect of the Offer Document which is not clear to you.

### **Your application**

You cannot withdraw your application for shares after we receive your application form, BACS payment / cheque. The Directors do not have to accept your application for shares. They may decide not to issue shares to you or may allocate you fewer shares than you applied for. They do not have to give any reason for their decision. If the share offer is over-subscribed (i.e. the share offer attracts applicants for more than the amount needed to finance the renewable energy project), shares will be allocated in order of receipt of application, with priority given to anyone living within Burneside and then Cumbria.

Once the full amount needed to finance Burneside Community Energy Ltd has been raised, the Directors of Burneside Community Energy Ltd will give notice of closure of the share offer via [www.communityenergycumbria.org.uk](http://www.communityenergycumbria.org.uk) or BCE's email updates, and any applications received after this time will be returned to applicants. Your application will be considered for approval at the first convenient Board of Directors meeting after the closing date for the offer and therefore you should not expect an immediate response. All applicants will be informed at the latest by 15th December 2015, following the planned close of the share offer on 10<sup>th</sup> December 2015. If accepted by the Directors, then anyone submitting applications before 5pm on November 26<sup>th</sup> 2015 will receive their share certificates before 30<sup>th</sup> November 2015.

### **Your payment**

Shares are payable in full on application. The Directors will acknowledge receipt of your BACS payment / cheque and application form. They may cash your cheque as soon as it is received. BCE Ltd will hold your money on trust for you (via Community Energy Cumbria's bank account) until the Directors have considered your application. The Directors will return your money to you (within 28 days of the Board of Directors meeting at which they consider your application) if they decide not to issue shares to you. If they decide to issue you with fewer shares than you applied for, they will return the balance to you (within 28 days of the Board of Directors meeting).

All monies subscribed will belong to Burneside Community Energy Ltd (and the Directors will no longer hold it on trust for you) as soon as the Directors issue shares to you (to the extent that they take it as payment for shares). Burneside Community Energy Ltd will not pay you interest on any money it returns to you.

### **Your promise to us**

You promise that:

- Your cheque will be honoured on presentation.
- You, as an individual, are at least 16 years of age.
- You have authority to sign the application form. If you are signing it for another person, you will provide the Directors with evidence of your authority to sign if they ask to see it.



- You will supply us with proof of your identity and address, if the Directors ask for it. We may need to do this to comply with the Money Laundering Regulations 2003. The Directors may have to hold back your shares until they see this.
- You are resident in the United Kingdom.
- You are not relying on any information or representation which is not included in this document.

### **Demutualisation**

You may not benefit financially from your shares if Burneside Community Energy Ltd converts, or transfers its business or is wound up. In this case, the only financial benefits you may receive from your shares are:

- The possibility of interest (at a low rate).
- The possibility of the return of the money you pay for your shares.

If the Society has any money left over after paying all its debts and liabilities and repaying the value of your shares, this money must be donated to other community projects with an asset lock serving social and environmental initiatives within and around Burneside, Cumbria.

### **Miscellaneous**

The laws of England apply to this document and any subscription made for shares in Burneside Community Energy Ltd and the Courts of England and Wales have exclusive jurisdiction in relation to any disputes arising out of the same. You will be bound by the Rules of Burneside Community Energy Ltd. (as may be amended from time to time) if the directors issue shares to you. The registered office of Burneside Community Energy Ltd. is: Burneside Community Energy Ltd, c/o C&F, Eden Rural Foyer, Old London Rd, Penrith, Cumbria CA11 8ET.

### **OTHER THINGS WE NEED TO TELL YOU**

The list of risks contained in this document is not necessarily comprehensive. Shares in the Society are not 'investments' for the purposes of the Financial Services and Markets Act 2000 (FSMA), therefore you do not have the level of protection that you might otherwise be offered by that Act or subsidiary regulations. In particular, this document does not need approval (and has not been reviewed, authorised or otherwise approved) by an "authorised person" under section 21 of FSMA or by any regulatory body.

As a community benefit society, Burneside Community Energy Ltd is registering with, but not authorised or regulated by, the Financial Conduct Authority and therefore any money you pay for shares is not safeguarded by any depositor protection or dispute resolution scheme.

In particular, you will have no right of complaint to the Financial Ombudsman Service nor any access or entitlement to the Financial Services Compensation Scheme.

Burneside Community Energy Ltd is being established as an Industrial and Provident Society for the Benefit of the Community and registering with the Financial Conduct Authority. We use governing documents provided by Cooperatives UK ([www.uk.coop](http://www.uk.coop)). Our governing document, the Rules of Burneside Community Energy Ltd, is available to download at [www.communityenergycumbria.org.uk](http://www.communityenergycumbria.org.uk) and explains member rights as well as the management



and constitution of the Society. As with any investment, there is risk involved. Should Burneside Community Energy get into financial difficulties:

- We may not be in a position to pay interest
- We may have to suspend your rights to withdraw shares
- You may lose all the money you pay for your shares

If Burneside Community Energy Ltd is wound up, its assets will first be used to meet its liabilities; next to repay members for their shares; and finally any surplus remaining will be passed onto a charity, society or other body with similar objectives.

The Directors of Burneside Community Energy Ltd have taken all reasonable steps to ensure that the facts stated in this document are clear, fair and not misleading in all material respects and that there are no other material facts, the omission of which would make misleading any statement in this document. To the extent permitted by relevant law and regulation, the Directors and Burneside Community Energy Ltd expressly disclaim and exclude any and all liability based on this document and for any errors or omissions contained in it. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised.

All statements of opinion contained in this document, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of Burneside Community Energy Ltd represent the assessment of the Directors based on information available to them as at the date of this document but are not to be read as guarantees or assurances that the particular events will in fact come about. Accordingly, no representation is made or warranty given as to the accuracy, completeness, achievability or reasonableness of any such projections, views, statements or forecasts.

Can you afford to be without the money you would pay for these shares? If not, please do not buy any shares.



Lakeland Fells. Photo by kind permission of Tony Stephenson





## HOW TO APPLY FOR SHARES

Please read the whole of this document and refer to The Rules of Burneside Community Energy Ltd (available at [www.communityenergycumbria.org.uk](http://www.communityenergycumbria.org.uk) or on request from Burneside Community Energy, c/o CAFS, Eden Rural Foyer, Old London Road, Penrith, CA11 8ET) before making an application for shares.

You may make an individual, joint, or corporate application for Shares - please use the appropriate application form. You may also hold shares on behalf of a child. Shares purchased on behalf of a child nominee will be held in the name of the Applicant and transferred to the child upon reaching the age of 16. Any returns payable in respect of the Shares will be paid direct to the child. It is not possible to become a member twice; this means you cannot become a member in your own right and also be a member holding shares on behalf of a child.

You may nominate a person to whom you wish the shares to be passed after your death. In the event of death of a shareholder, the repaid value of the shares will normally be added to the estate for probate purposes. Nominating a recipient for the value of these shares removes the value of these shares from your estate for probate purposes (but not tax purposes).

### **IMPORTANT – PAYMENT & COMPLETED APPLICATION FORM**

Whether you pay by our preferred method of BACS or cheque, please also complete an application form. BCE will send you an email receipt or write to you confirming we have received your payment and application form.

#### **BACS PAYMENTS**

Once you have filled in the appropriate application form please make a BACS payment to Community Energy Cumbria at Unity Trust Bank. For the purposes of the share issue only, BCE will be using the Community Energy Cumbria Ltd bank account before transferring all share application monies to a Burneside Community Energy bank account, also at Unity Trust Bank upon receipt of FCA documentation.

Account Name: Community Energy Cumbria

Account No: 20348315

Sort Code: 08-60-01

Your reference: Please provide your SURNAME (e.g. ARNOLD) in capitals and your POSTCODE (e.g. CA10 3ET), prefixed by 'BCE' as a reference: So if your name is Jane Arnold and you live in Newby, your reference would be: BCEARNOLDCA103ET Thank you.

#### **CHEQUE PAYMENTS**

Send a cheque payable to 'Community Energy Cumbria' and post the cheque and the form(s) to: Burneside Community Energy Ltd, c/o CAFS, Eden Rural Foyer, Old London Rd, Penrith, Cumbria CA11 8ET. Please write 'BCE' on the reverse of your cheque.

The closing date for applications is 5.00pm 10<sup>th</sup> December 2015 (5.00pm 26<sup>th</sup> November 2015 for those wishing to be eligible for SEIS / EIS Tax Relief)



## APPLICATION FORM – FOR USE BY INDIVIDUAL AND JOINT APPLICANTS

I/we wish to become a member of Burneside Community Energy Ltd in accordance with the Rules and apply for Ordinary Shares to the value of: £ \_\_\_\_\_. (For this offer, the minimum shareholding is £250 and the maximum £50,000.)

### Data protection and money laundering

The data provided by you on this form will be stored within a computerised database. This data will be used only for Burneside Community Energy Ltd purposes and will not be disclosed to any third party. It is a condition of the offer that to ensure compliance with the Money Laundering Regulations 2003, Burneside Community Energy Ltd may at its absolute discretion require verification of identity of any person seeking to invest.

### Agreement - Please tick

- ☐ I have read the Share offer Document, including risk factors.
- ☐ I wish to become a member of Burneside Community Energy Ltd
- ☐ I agree to be bound by the Terms and Conditions included in the Share Offer Document and the rules of Community Energy Cumbria Ltd (see [www.communityenergycumbria.org.uk](http://www.communityenergycumbria.org.uk))
- ☐ I understand that the Board of Directors of Burneside Community Energy Ltd may reject my/our application, and are not obliged to tell me/us why it has been rejected. They may also reduce the number of shares that I /we applied for, as long they redeem the difference between my payment and the value of the shares that they issue to me.
- ☐ I consent to receiving formal notices by email and links to formal documents on Burneside Community Energy website.

	Applicant	Joint Applicant
First Name		
Last Name		
Address		
Postcode		
Tel No.		
Email		
Signed as a Deed		
Date		

NB. For more than two joint applicants, please photocopy this form and ensure that each applicant completes and signs the form.

**Payment** – please tick where applicable. For payment details see page 40 of this document.

- ☐ I have sent a BACS payment to Account Name: Community Energy Cumbria, Account No: 20348315, Sort Code: 08-60-01 with the reference BCE\_\_\_\_\_
- ☐ I enclose a cheque for £ \_\_\_\_\_ amount made payable to 'Community Energy Cumbria' (with BCE written on the reverse).

Please send this completed form with your cheque payment if applicable to Burneside Community Energy Ltd, c/o CAFS, Eden Rural Foyer, Old London Rd, Penrith, Cumbria CA11 8ET.

The closing date for applications for EIS/SEIS eligibility is 26<sup>th</sup> November 2015 and for closure of all shares by 10<sup>th</sup> December 2015.



### APPLICATION FORM FOR USE BY CORPORATE APPLICANTS

I wish to become a member of Burneside Community Energy Ltd in accordance with the Rules and apply for Ordinary Shares to the value of: £ \_\_\_\_\_. (For this offer, the minimum shareholding is £250 and the maximum £50,000.)

### Data protection and money laundering

The data provided by you on this form will be stored within a computerised database. This data will be used only for Burneside Community Energy Ltd purposes and will not be disclosed to any third party. It is a condition of the offer that to ensure compliance with the Money Laundering Regulations 2003, Burneside Community Energy Ltd may at its absolute discretion require verification of identity of any person seeking to invest.

### Agreement - Please tick

- ☐ I have read the Share offer Document, including risk factors.
- ☐ I wish to become a member of Burneside Community Energy Ltd
- ☐ I agree to be bound by the Terms and Conditions included in the Share Offer Document and the rules of Burneside Community Energy Ltd (see [www.communityenergycumbria.org.uk](http://www.communityenergycumbria.org.uk))
- ☐ I understand that the Board of Directors of Burneside Community Energy Ltd may reject my/our application, and are not obliged to tell me/us why it has been rejected. They may also reduce the number of shares that I /we applied for, as long they redeem the difference between my payment and the value of the shares that they issue to me.
- ☐ I consent to receiving formal notices by email and links to formal documents on Burneside Community Energy's website.

	Applicant
Society Name	
Reg'd Society Number	
Contact Name	
Address	
Postcode	
Tel No.	
Email	
Signatory #1	
Signatory #2	
Signed as a deed for & on behalf of above society	
Date	

**Payment** – please tick where applicable. For payment details see page 40 of this document.

- ☐ I have sent a BACS payment to Account Name: Community Energy Cumbria, Account No: 20348315, Sort Code: 08-60-01 with the reference BCE\_\_\_\_\_
- ☐ I enclose a cheque for £ \_\_\_\_\_ amount made payable to 'Community Energy Cumbria' (with BCE written on the reverse).

Please send this completed form with your cheque payment if applicable to Burneside Community Energy Ltd, c/o CAFS, Eden Rural Foyer, Old London Rd, Penrith, Cumbria CA11 8ET.

The closing date for applications for EIS/SEIS eligibility is 26<sup>th</sup> November 2015 and for closure of all shares by 10<sup>th</sup> December 2015.



## HOLDING SHARES ON BEHALF OF CHILDREN

I wish to become a member of Burneside Community Energy Ltd in accordance with the Rules and apply for Ordinary Shares to the value of: £ \_\_\_\_\_. (For this offer, the minimum shareholding is £250 and the maximum £50,000.) I wish to hold these shares on behalf of the person under 16 named below.

### Data protection and money laundering

The data provided by you on this form will be stored within a computerised database. This data will be used only for Burneside Community Energy Ltd purposes and will not be disclosed to any third party. It is a condition of the offer that to ensure compliance with the Money Laundering Regulations 2003, Burneside Community Energy Ltd may at its absolute discretion require verification of identity of any person seeking to invest.

### Agreement - Please tick

- ☐ I have read the Share offer Document, including risk factors.
- ☐ I wish to become a member of Burneside Community Energy Ltd
- ☐ I agree to be bound by the Terms and Conditions included in the Share Offer Document and the rules of Burneside Community Energy Ltd (see [www.communityenergycumbria.org.uk](http://www.communityenergycumbria.org.uk))
- ☐ I understand that the Board of Directors of Burneside Community Energy Ltd may reject my/our application, and are not obliged to tell me/us why it has been rejected. They may also reduce the number of shares that I /we applied for, as long they redeem the difference between my payment and the value of the shares that they issue to me.
- ☐ I consent to receiving formal notices by email and links to formal documents on Burneside Community Energy's website.

	Applicant	Shares to be held in the name of:
First Name		
Last Name		
Address		
Postcode		
Tel No.		
Email		
Signed as a Deed		
Date		
Date of Birth (Under 16 only)		

**Payment** – please tick where applicable. For payment details see page 40 of this document.

- ☐ I have sent a BACS payment to Account Name: Community Energy Cumbria, Account No: 20348315, Sort Code: 08-60-01 with the reference BCE\_\_\_\_\_
- ☐ I enclose a cheque for £ \_\_\_\_\_ amount made payable to 'Community Energy Cumbria' (with BCE written on the reverse).

Please send this completed form with your cheque payment if applicable to Burneside Community Energy Ltd, c/o CAFS, Eden Rural Foyer, Old London Rd, Penrith, Cumbria CA11 8ET.

The closing date for applications for EIS/SEIS eligibility is 26<sup>th</sup> November 2015 and for closure of all shares by 10<sup>th</sup> December 2015.

**NOMINATION OF SHARES ON DEATH**

I wish to nominate a person to whom I wish my shares to be transferred on my death.

You can nominate a person aged 16 or over to whom you wish your shares to be transferred on your death. Trustees will need to be appointed for a nominee under 16 years old. Burneside Community Energy Ltd will respect your wish in so far as the law and our Rules permit. If you are a joint shareholder, your holding will pass to the other joint shareholder(s) on your death unless you complete the form below.

	Nominee/Trustee (if nominee under 16)	Nominee (under 16)
First Name		
Last Name		
Address		
Postcode		
Tel No.		
Signed as a Deed		
Date		
Date of Birth (Under 16 only)		

Please send this nomination form along with your application and cheque payment if applicable to Burneside Community Energy Ltd, c/o CAFS, Eden Rural Foyer, Old London Rd, Penrith, Cumbria CA11 8ET.