

BURNESIDE COMMUNITY ENERGY

£330,000 Share Offer

Opens Wednesday 24th October 2018

Closes Wednesday 21st November 2018 (or when target reached)

Minimum Share £250;
Maximum Share £50,000

4.7% Projected Annual Interest Payment over 20 Years



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CHAIR'S INTRODUCTION



Many of you are likely to share a concern that we have less and less control over the direction in which our world is heading – whether this be global economics, the exploitation of natural resources or the relentless development of technology and communication.

In 2015, following the publication of a Vision for Burneside (an ambitious plan for the future health and vitality of Burneside as a place and as a community), a number of us set about trying to turn the tide, looking for ways in which Burneside could own, manage and determine its own future. That's how Burneside Community Energy came about - what if we could start to raise an income for the community through the generation and sale of safe, sustainable, locally owned energy? On November 16th 2015 we launched BCE's first share offer, aiming to raise enough money to install 1,000 solar PV panels on the mill roof at James Cropper plc. Six days later we had raised investment of an incredible £250,000 and one month later we had completed the installation.

There were lots of people and organisations to thank for our incredible success. Our investors (over 90% of whom live within 5 miles of Burneside) and our volunteer Board, who worked to formidable deadlines and took personal reputational risk to make the project happen. Meanwhile James Cropper plc agreed to offer their roof space to BCE for free and agreed to buy all of our energy – in so doing setting a great example to UK industry of corporate social responsibility and delivering a great boost to the community.

Since then we have generated over half a million kWh of clean solar energy, saved approximately 335 tonnes of CO₂ and in 2018, we aim to distribute the first £5,000 of funds into the community. Our project has been profiled on Radio 4, attracted visitors from as far afield as Chile, Uganda and French Caledonia and shared knowledge with students from Lancashire and Cumbria. Our story is inspiring others to consider what they could do in their own community, business or organisation.

This share offer - BCE's Phase 2 Solar PV scheme - is just the next step in what we hope will be a long and illustrious journey of success, helping Burneside to decide its own sustainable future and weaning our planet off fossil fuels.

In 2017/2018, a number of new Trustees joined the Board of BCE, bringing with them years of experience and expertise in financial and project management, engineering and renewable energy. As the Chair, I must thank the Board for their tremendous diligence – for it is in their scrutiny of all aspects of the Phase 2 Solar PV project that I have such great confidence that the project is robust - technically, financially and ethically.

Thank you

Phil Davies, Chair



SUMMARY OF INFORMATION

You are invited to buy shares in Burneside Community Energy Ltd (the 'Society') a Community Benefit Society, to fund the installation of a further three solar PV arrays on roofs the Society is leasing from James Cropper PLC, Burneside Mills, near Kendal in Cumbria.

In 2015 BCE successfully raised £250,000 to install its first project – a 250kW solar PV array on one roof of James Cropper PLC. We have now been offered the opportunity to install three further PV systems on the same site:

Phase 2a: 250kW on the Technical Fibre Product (TFP) Building to be installed by the end of 2018

Phase 2b: 100kW on the Pulp Shed to be installed by 31st March 2019

Phase 2c: 109kW on the Warehouses to be installed by 31st March 2019

BCE seeks to raise £330,000 to complete the installation of these new systems before the closure of the Feed in Tariff (FIT) scheme on 31st March 2019.

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 CO₂ emissions.

The new systems are expected to generate 365,000 kWh of renewable electricity per annum, reducing CO₂ emissions by 1,900 tonnes 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 is in addition to the existing scheme. Together our projects will allow us to provide over £127,000 for community projects.

Note that you are investing in Burneside Community Energy, rather than this specific project. Our business plan shows that our combined projects should generate 4.7% share interest for members.

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

- will be supporting the development of community owned energy 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 help generate clean, green electricity in a way that doesn't compromise the special ecology or superb landscape of Burneside or that of Cumbria and which helps to play our part in reducing carbon dioxide, the main greenhouse gas causing climate change.
- will bring environmental and social benefits to the community of Burneside. It is projected that our solar PV schemes will generate a community fund in excess of £127,000 over the lifetime of the projects, to be redistributed to benefit local social and environmental projects within and around Burneside.



IMPORTANT INFORMATION

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.**

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.

Please note that this Share Offer **does not guarantee** you the projected interest rates 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	330,000 shares at £1 a share
Minimum Investment	£250
Maximum Investment	£50,000
Share offer opens	7.00pm 24 th October 2018
Share offer closes	5.00pm 21 st November 2018

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 should consider their investment as a long term investment and be prepared that capital might not be repaid for 20 years.

Prospective members are invited to invest between £250 and £50,000. 330,000 Ordinary Shares of £1 are offered at par and payable in full on application. The shares, which cannot be traded on any stock exchange, have been created under the Co-operatives and Community Benefit Societies Act 2014.

Full applications will be accepted on a first come, first served basis from all prospective investors. Should the sum of £330,000 be exceeded by the date of closure, then share issue priority will be given in the following order:

1. applicants who are resident in Burneside or who work at James Cropper PLC
2. existing members who do not fall into the above category
3. residents who live outside of Burneside but who are resident in Cumbria
4. 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 if it has received the amount in full from applicants in the first three priority groups.

If the sum of £330,000 is not raised in full, following the closure of this share offer, Burneside Community Energy will either extend the share offer period, reduce the size of the system to be installed, or return your money to you.

The Society also retains the right to reduce the number of shares issued if:

1. the actual costs incurred are substantially lower than expected
2. the Directors decide to reduce the system size of any of the proposed installations, or
3. it becomes apparent that any of the phased installations may not be completed before the closure of the FITs scheme.

In this instance, shares will be allocated according to the priorities outlined above and any monies received that are not allocated to shares will be returned to unsuccessful applicants. BCE may also reduce the number of shares allocated to one individual or organisation.



BURNESIDE COMMUNITY ENERGY

Share Offer for an additional 459kW Solar PV Array on the Roof of Burneside Mills

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 Office: Burneside Community Energy Ltd, c/o CAFS, Eden Rural Foyer, Old London Rd, Penrith, Cumbria CA11 8ET.

Shares will only be issued after the end of the current financial year (31st December 2018). The first interest payment will be paid on new shares issued for the financial year 2019, following the AGM in 2020.

The Directors of Burneside Community Energy Ltd expect to meet on or before the 31st January 2019 to confirm the allocation of shares to applicants.

Interest payments made to Members will be subject to United Kingdom taxation. 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.

See also 'Terms and Conditions' of share offer. This share offer document can be viewed and application forms downloaded at www.communityenergycumbria.org.uk/projects/burneside. Copies of permissions, licences, leases and agreements are available on request from Burneside Community Energy Ltd.



Ariel view of James Cropper PLC – site of the PV schemes



OUR PROJECTS

In 2015, we raised £250,000 to install a 250kW solar PV system on a roof of James Cropper PLC, Burneside, Near Kendal, Cumbria LA9 6PZ.

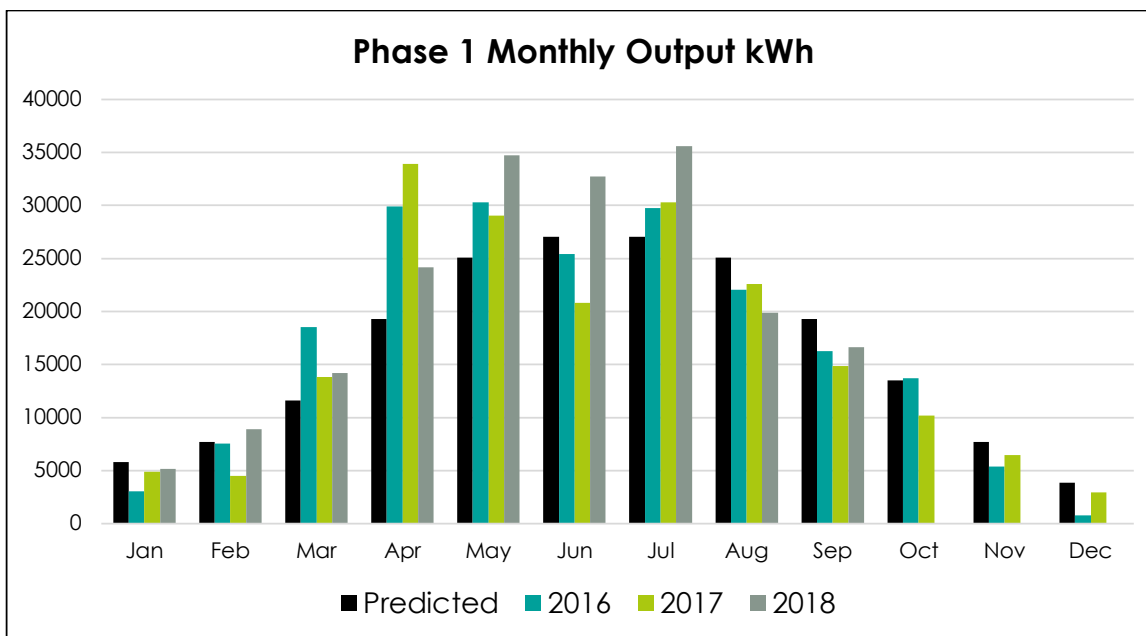
James Cropper PLC was founded in 1845 and is a world leader in the production of paper and advanced materials (www.cropper.com). The company places great emphasis on its values which include strong commitments to community and sustainability. It is only with their positive support that we have been able to progress these projects to benefit the environment and Burneside community.



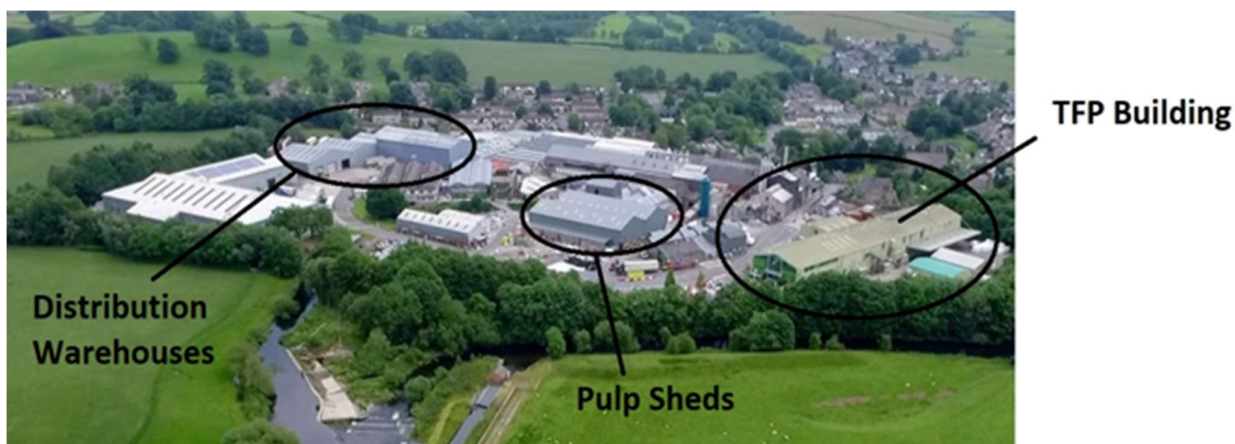
Phil Davies and James Cropper PLC's engineer Alan McBirnie at the installation of Phase 1

That system has so far performed above expectations:

	kWh Output	Performance vs Predicted
Predicted (2016)	193000	
2016	202648	105%
2017	194319	101%
2018 to end Sept	192027	99%
2018 Predicted	211600	110%



The latest project will add a further 459kW on different buildings at the same location.



Generating capacity

The table below shows the expected output from our combined renewable energy generation systems for 2019.

System	Capacity kW	Predicted Annual Output kWh (2019)	Annual CO2 Savings (tonnes)
Phase 1 (2015)	250	190,231	54
Phase 2a (2018)	250	188,312	53
Phase 2b (2019)	100	84,216	24
Phase 2c (2019)	109	92,561	26
Total	709	555,319	157

Note that the output predictions for Phase 1 are based on the 2015 assumptions rather than the higher figures for actual performance to date.

**Contractors**

We have appointed Genfit Ltd of Chester to install the new systems. While we are committed to using local contractors where possible, the contraction in the PV market since 2015 has meant that there are no longer companies in Cumbria who were able to quote for this work. Genfit has a 15 year track record of installing PV schemes and has previously worked with community energy companies on similar scale projects in Chester and Brighton. Scaffolding will be provided by a Kendal based company.

Grid connection and planning

The project has received the required approval from Electricity Northwest, the District Network Operator (DNO). Full planning permission is not required, but an application for a Certificate of Lawful Development has been submitted to South Lakeland District Council.

Site surveys and installation planning

The TFP building and Pulp Shed roofs have had a visual inspection which showed no cause for concern. Full surveys of the roofs are due to be carried out to confirm the final load. The installer has provided a Risk Assessment and Method Statement to the site engineers to confirm the installation process will meet all site safety requirements.

Maintenance

We have a maintenance agreement for the Phase 1 scheme with Glow Solar Ltd and will set up a similar contract for the new systems, after the end of the parts and labour warranty period.

Lease

A lease has been drawn up between BCE and James Cropper PLC to allow us use of the three further roofs, which will be signed before the project is installed.

Power Purchase Agreement

We have drawn up a power purchase agreement (PPA) with James Cropper PLC which will be signed prior to commencement of generation. James Cropper PLC has agreed to buy all the electricity generated by the new arrays at a price of 8.25p/kWh, adjusted annually in line with the retail prices index (RPI). A price review will only be triggered if the PPA purchase price exceeds the price that James Cropper PLC pays to import electricity.

Risks: Technical, Legal and Financial

Like all renewable energy projects, no project is without risk, although steps have been taken to minimise risks including careful selection of installer, appropriate siting of the arrays 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, and tended towards conservative assumptions. More details of the Directors' current analysis of risks are given on pages 23-28.



COMMUNITY BENEFIT FUND



One of the driving forces behind our projects is to ensure that as many residents of Burnside as possible can benefit from renewable energy. By registering as a Community Benefit Society, Burnside Community Energy is bound to distribute any financial surplus back into the community.

Our business plan shows that BCE will be able to distribute approximately £6,000 every year for 20 years back into the parish if the new systems are installed, equivalent to over £127,000 in total between 2016-2039. This represents around 26% of the total expected net annual interest paid out to investors (commercial developers generally pay less than 1% into the community). BCE will offer these funds to projects that help build a thriving, involved, active and sustainable community.

A sub-committee of BCE Members has been set up to determine how the Community Benefit Fund will be made available to the community and how applications for funding will be determined. This group will present a report on their activity to the membership at each AGM. The sub-committee members all live within the parish, volunteer their time and will serve a three-year term. New members will be very welcome to get involved in this process in future years.

The first £5,000 of Community Benefit Funds has been generated from the Phase 1 project. Calls for the first applications to use these funds will be made soon.

The distribution process will place special emphasis on activities that encourage environmental and social progress in Burnside. This could include activities that:

- support energy efficiency, reduce carbon emissions or help tackle fuel poverty
- promote sustainable and low carbon living
- support young people and the school
- support vital community services
- promote and actively enhance conservation, wildlife and heritage
- increase opportunities for sport and recreation.



BUSINESS PLAN

Overview

Burnside Community Energy generates income from:

- the sale of electricity to James Cropper PLC
- the Government's Feed-In-Tariff.

This income is used to pay for our running costs:

- insurance and regular maintenance of the systems
- administrative costs of the Society
- a capital fund to repay members' investments
- a capital fund to provide for decommissioning the systems at the end of the leases
- a community benefit fund to support activities in the parishes of Burnside
- share interest for members.

The Business Plan details how the income and expenditure generated from the existing and new schemes is expected to balance over the next 20 years. It includes the financial performance since 2015.

The paragraphs below detail each element of our income and expenditure. The table on Page 16 shows the combined figures to 2039. Phase 1 is due to operate until the end of 2035 and Phase 2 until the end of 2038. Each system will be decommissioned in the 6 months following the end of the operating period, so the final costs fall into 2039.

Note that we plan to change our financial year end in 2018 to 31st December, to align with the typical generation year for solar PV systems.

Capital Requirements

	Capacity kW	Capital Cost	Own Funds	Share Capital
Phase 1	250	£251,000	£0	£251,000
Phase 2a	250	£203,300	£36,000	£167,300
Phase 2b	100	£78,900	£4,500	£74,400
Phase 2c	109	£93,300	£5,000	£88,300
Total	709	£626,500	£45,500	£581,000

Notes:

1. Project development costs are funded from capital rather than revenue expenditure.
2. Funds for the majority of the development costs of Phase 2 have been allocated from existing reserves against the first phase of the new systems (2a). We have erred on the side of caution where these are based on estimates rather than fixed price contracts.



Annual Income

	2016	2017	2018 est	2019	2020	2028	2038	Total to 2039
Phase 1	£30,361	£29,695	£32,983	£30,245	£30,628	£33,870	£0	£662,711
Phase 2a	£0	£0	£0	£18,180	£18,410	£20,358	£23,087	£410,813
Phase 2b	£0	£0	£0	£8,087	£8,190	£9,057	£10,270	£182,753
Phase 2c	£0	£0	£0	£8,889	£9,001	£9,954	£11,288	£200,864
Total	£30,361	£29,695	£32,983	£65,401	£66,229	£73,239	£44,645	£1,457,141

Notes:

1. 2018 revenue is likely to be exceptionally high due to the very sunny summer.
2. Income per kW installed for the Phase 2 schemes is lower than Phase 1 due to the significant drop in FITs rates in 2015.
3. Income from Phase 1 from 2019 is based on the original projections rather than the higher performance to date.

Annual Operating Expenditure

	2016	2017	2018 est	2019	2020	2028	2038	Total to 2039
Phase 1	£3,460	£3,529	£3,600	£3,672	£6,745	£4,388	£0	£153,619
Phase 2a	£0	£0	£0	£27,450	£2,168	£5,540	£3,096	£137,655
Phase 2b	£0	£0	£0	£4,720	£510	£3,598	£728	£46,572
Phase 2c	£0	£0	£0	£5,485	£556	£3,651	£794	£50,447
Total	£3,460	£3,529	£3,600	£41,327	£9,979	£17,177	£4,618	£388,292

Notes:

1. 2019 includes costs associated with the project development and installation
2. We have allowed for major maintenance costs every 5 years (shown above in 2028) on top of the annual maintenance contract.
3. We have also budgeted to replace the inverters after 11 years at a cost of £25,000 (2026 - Phase 1) and £45,000 (2029 - Phase 2).

Community Benefit and Share Interest Payments

	2016	2017	2018 est	2019	2020	2028	2038	Total to 2039
Community Benefit	£2,500	£2,500	£2,500	£6,000	£6,000	£6,000	£6,000	£127,500
Share Interest	£12,575	£12,563	£12,550	£27,239	£27,034	£16,648	£330	£356,586

Notes:

1. Community Benefit payments are expected to be £2,500/year for the Phase 1 system increasing to £6,000 per year when all Phase 2 systems are operating.



2. Share interest for Community Benefit Societies is regulated by the FCA to be sufficient to obtain and then retain enough capital to operate successfully. We are projecting an average share interest of 4.7% for the combined systems from 2019-2038.
3. Annual total share interest payments reduce over time as members' capital is repaid and therefore the number of shares in the Society are reduced.
4. Actual payments of community benefit and share interest will be determined annually by Members at the AGM.

Interest payments for existing and new shares

Existing members have received share interest of 5% for 2016 and a payment of 5% is proposed for 2017. A further payment of interest for 2018 will be considered at the AGM in 2019, and is likely to be around 5%. As all shares are held in the Society, rather than allocated to specific projects, the slightly lower returns on the proposed Phase 2 projects (due to significantly lower FITs) will affect the future interest rates on shares held by existing members. We have tried to minimise this reduction and members voted to proceed with Phase 2 having been presented with the implications for share interest at the 2018 AGM.

Capital Repayments & De-commissioning/Replacement Funds

	2016	2017	2018 est	2019	2020	2028	2038
Cumulative Capital Repaid	£0	£500	£500	£3,408	£9,223	£212,748	£581,500
Replacement & Decommissioning Fund	£0	£0	£0	£2,261	£4,967	£33,165	£50,416

Notes:

1. Regular capital repayments to members are necessary to manage cash flow and operating reserves. These are planned to be 1% to 2020 to minimise the additional capital raised in this share offer, then averaging 5% per year to 2030 and 7% per year thereafter. Capital repayments will be determined each year depending on the level of operating reserves required.
2. Decommissioning funds are weighted towards the end of the lifetime of the equipment when share interest payments are lower, enabling community benefit funds to be paid consistently throughout the project.
3. Equipment replacement funds will be built up to cover the costs of replacing inverters in 2026 and 2029.
4. With the agreement of members, BCE may decide to invest part of the decommissioning fund or money allocated for capital repayments in other community energy schemes for a defined period, to increase the interest generated on capital.
5. Operating reserves will be maintained at a level required to cover potential maintenance work, as well as a prudent level of operating costs.

Taxation

Burneside Community Energy Ltd does not anticipate having any liability for Corporation Tax until after its capital allowances have been exhausted. At current rates, the total Corporation Tax liability to 2039 is expected to be under £5,000. BCE is VAT registered.



Assumptions - see also Risks

The key assumptions behind the financial projections are given below. Please note that these are assumptions for the financial model and the actual levels of share interest, community funds and investments in future projects will be determined annually by members. Some of these will depend on the system performance, actual operating costs and external factors such as inflation.

1. The business case for each system is based on the lease period of 20 years, after which it will be decommissioned.
2. Phase 2a will be commissioned and registered with Ofgem by 31st December 2018 and Phases 2b & 2c will be registered with Ofgem before the closure of the FITs scheme.
3. The cost of the new system will be £375,500, including all professional and regulatory fees to deliver the project.
4. Current reserves will be used to contribute to development and delivery costs.
5. The annual output of the Phase 2 systems is expected to be 795 kWh/kWp in the first year, reducing annually by 0.7%. This is marginally higher than the predicted output of our first scheme (772 kWh/kWp), and close to our actual output to date (792 kWh/kWp). Our installer has provided us with two sets of output calculations: the MCS Standard of 767 kWh/kWp and the SolarEdge calculation showing 823 kWh/kWp. This latter is due to improvements in the efficiency of panels and inverter systems since the MCS methodology was developed in 2012. We have based our assessment on the mid-point between these two figures.
6. Feed In Tariff on registration will be 1.38p/kWh (Phase 2a) and 1.33p/kWh Phases 2b & 2c) rising annually with inflation (set by the Retail Price Index (RPI)). It is possible that Ofgem will accept the separate Phases as separate systems, increasing the FITs payments to 1.75p/kWh and 1.69p/kWh, but this has not been used in the business plan model.
7. Once registered for FITs the Government will guarantee this payment for 20 years.
8. RPI is assumed to be 2% each year. If RPI rises above this, the scheme will generate a higher income which may be used to increase community benefit funds, member share interest or contributions to future schemes. Conversely, if RPI falls below this level, the scheme will generate lower income.
9. James Cropper PLC will purchase all of the output from the Phase 2 systems for a period of 20 years at 8.25p/kWh, rising annually with RPI, or the price of electricity available from the district network grid, whichever is lower.
10. Administration, accountancy, insurance and regular maintenance costs are shared across all our schemes. These are expected to be c.£6,800 in 2019, rising annually with RPI.



11. The panel performance is covered by manufacturer's warranty for 25 years. Inverters are covered by warranty for 12 years, following which we have budgeted £45,000 to replace them with the most suitable technology available at the time. Similarly, we have budgeted £25,000 to replace the inverters on the existing system after 11 years. We have allowed for major repairs every 5 years.
12. Members will be paid share interest which is expected to be 4.7% of the value of their shares in any one year.
13. We intend to provide community benefit payments in total at approximately 26% of the share interest payments.
14. Members' capital investment will be repaid at regular intervals and will be completely paid back by December 2038. It is essential that the Society does not retain more capital than is needed for reserves, so annual capital repayments of 5% are planned from 2023 rising to 7% from 2030. (Members may decide to re-invest in future projects rather than be repaid capital.)
15. Working capital will be retained in reserves to cover planned and unforeseen maintenance or repairs.
16. BCE will be required to remove the systems after 20 years. A decommissioning fund of 15% of the initial cost has been allowed for to cover the cost of this work in 2036 (Phase 1) and 2039 (Phase 2).



Business Plan to 2039

Year	Total	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025-9	2030-9
Annual Output Total kWh	10,486,007	202,648	194,319	211,600	555,319	551,321	547,351	543,410	539,498	535,613	2,620,772	3,984,157
Income												
Generation FITs	533,228	19,215	18,794	20,875	24,178	24,484	24,794	25,108	25,425	25,747	133,707	190,900
Electricity payments	923,914	11,146	10,901	12,108	41,223	41,745	42,273	42,808	43,350	43,898	227,967	406,495
Total annual income	1,457,141	30,361	29,695	32,983	65,401	66,229	67,067	67,916	68,775	69,646	361,674	597,395
Expenditure												
Project Development	-34,485	0	0	0	-34,485	0	0	0	0	0	0	0
Society Admin	-72,892	-2,000	-2,040	-2,081	-3,122	-3,185	-3,249	-3,314	-3,380	-3,447	-18,299	-28,776
Society Insurance	-6,317	-260	-265	-271	-276	-281	-287	-293	-299	-305	-1,617	-2,164
Maintenance	-34,454	-500	-510	-520	-1,449	-1,478	-1,507	-1,537	-1,568	-1,599	-8,490	-15,296
System Insurance	-47,428	-700	-714	-728	-1,995	-2,035	-2,075	-2,117	-2,159	-2,202	-11,691	-21,011
Major repairs	-36,000	0	0	0	0	-3,000	0	0	-9,000	0	-12,000	-12,000
Decommissioning	-86,716	0	0	0	0	0	0	0	0	0	0	-86,716
Equipment replacement	-70,000	0	0	0	0	0	0	0	0	0	-70,000	0
Total Expenditure	-388,292	-3,460	-3,529	-3,600	-41,327	-9,979	-7,118	-7,261	-16,406	-7,554	-122,097	-165,963
Operating Surplus	1,068,849	26,901	26,166	29,383	24,074	56,250	59,949	60,655	52,369	62,092	239,578	431,432
Finance Costs												
Share interest payments	-356,586	-12,575	-12,563	-12,550	-27,239	-27,034	-26,624	-25,940	-24,847	-23,481	-96,906	-66,828
Community Benefit Payments	-127,500	-2,500	-2,500	-2,500	-6,000	-6,000	-6,000	-6,000	-6,000	-6,000	-30,000	-54,000
Interest Received	2,844	36	0	92	62	106	145	174	155	165	700	1,209
Corporation Tax	-3,476	0	0	0	0	0	0	0	0	0	0	-3,476
Net Operating Surplus	584,131	11,862	11,104	14,425	-9,103	23,322	27,470	28,888	21,677	32,775	113,372	308,337
Share Capital repayment	581,500	0	500	0	2,908	5,815	11,630	17,445	29,075	29,075	145,375	339,678
Final Surplus	2,631											



BURNESIDE COMMUNITY ENERGY

Burneside Community Energy Ltd is a Community Benefit Society (CBS) set up in 2015 to develop renewable energy, energy distribution and low carbon resources for the benefit of the Parish of Burneside. Burneside Community Energy Ltd 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 Cumbria Action for Sustainability, Eden Rural Foyer, Old London Road, Penrith, Cumbria CA11 8ET.

The registered Objects of the Society are quite simply stated:

- The objects 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"

To achieve these aims, Burneside Community Energy Ltd has chosen an ethical, well tested financial model. We raise capital predominantly from people with an interest in the community of Burneside, aiming to attract lots of small investors rather than depending on one or two large, private or institutional investors. We use that capital to invest in local renewable energy systems or other low carbon projects. The income from these projects will then be used to:

- cover the running and maintenance costs of the projects,
- repay the capital investment back to the shareholders,
- pay an annual interest to shareholders,
- pay into a Community Benefit Fund to support community and environmental projects within and around Burneside Parish.

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.

See <http://www.communityenergycumbria.co.uk/projects/burneside/> for useful documents including our Rules, latest accounts and AGM minutes.

RULES OF THE SOCIETY

The full Rules of the Society can be downloaded from our website.

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. 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.
3. 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.
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 and asset lock.
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 rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or from a finance house or on mortgage from a building society or local authority, shall not exceed 5% per annum or 2% above the Bank of England base rate at the commencement of the loan, whichever is the greater.
8. The Society is governed by a Board of Directors which is elected by the Members.
9. 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.
10. At the first AGM, all of the Directors stood 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.
11. 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.
12. In addition to the elected Members, the Board may appoint up to 2 further Directors on account of their particular skills.
13. Individuals and organisations can be members. It is possible for a member to hold shares on behalf of another person under the age of 16. If you hold shares on behalf of a child and are also a member, you have only one membership i.e. one vote.
14. The Board of Directors can refuse membership and the Society will keep records of both Members and the Company Officers.
15. 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.



16. The Board of Directors has 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).
17. The Board of Directors has the right to return capital to Members if they feel it is necessary, regardless of whether Members have requested repayment of their shares. In this case the requirement to withdraw shares will be applied to all Members in proportion to their shareholding.
18. 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.

REPAYMENT OF YOUR INVESTMENT

The Society plans to make limited capital repayments available in 2019 and 2020, and thereafter will either require capital to be repaid to members over the following 20 years at 5-7% per year, or the Directors will seek approval from members to re-invest in future BCE schemes or other community energy projects.

We recognize that Members are likely to want to withdraw their investment for a myriad of reasons. The Directors will make every attempt to repay Members' investments if requested, but this cannot be guaranteed. 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. 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.

We may also repay some or all of your shares **even if you have not requested it**, if the Society holds too much capital. Members may decide to re-invest capital in future projects

As Rules 27-30 of the Society clearly set out, the Society reserves the right to suspend share withdrawals (repayments) 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.



MANAGEMENT OF BURNESIDE COMMUNITY ENERGY

As a CBS, Burneside Community Energy is democratically owned. Each member has one vote, regardless of the amount invested. Unlike a limited company, which is designed to benefit shareholders, a CBS is designed to benefit the wider community.

BCE is bound by its Rules. It is managed by a Board of Directors, who serve in accordance with those Rules. At present we have five Directors, who oversee the day-to-day operations of the Society and are ultimately accountable to BCE members for ensuring financial probity and achieving the Society's objectives. The Directors bring with them skills and experience including renewable energy, project management, finance and community development (see below).

Administration is currently provided by Cumbria Action for Sustainability and Phil Davies. We are aiming to employ a new part time administrator before the new systems are installed.

MEMBER INVOLVEMENT

As a democratic organisation, Members agree to participate in general meetings and take an active interest in the operation and development of the Society and its business. Members have a duty to respect the confidential nature of the business decisions of the Society.

Members are encouraged to take an active role in overseeing the Board and become involved in the decisions taken at the AGM and any other meetings called. As a minimum, Members are required to:

- Elect the Directors to the Society
- Approve the annual accounts
- Agree the payment of share interest to Members
- Agree the allocation of money to the Community Benefit Fund
- Agree the distribution of the Community Benefit Fund to support local environmental or social projects in and around Burneside.

THE DIRECTORS OF BURNESIDE COMMUNITY ENERGY LTD

Phil Davies, Chair



Phil Davies is a founder Director of Burneside Community Energy and brings a wealth of practical renewable energy and project management experience. Phil has led very practical, multi million pound energy efficiency and renewable retrofit programmes on social housing in west Cumbria. He served as the Social Enterprise Manager for Impact Housing, where he delivered a number of self-financing projects with community benefit. 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 and is Chair of Community Energy Cumbria.

**Tony Hill**

Tony is a founder Director of BCE. 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.

Gill Fenna, Treasurer

Gill joined the BCE Board in 2017. She has worked in the sustainable energy field for over 25 years, spanning national policy and local delivery of projects. She has helped several community energy groups across the north of England to set up new projects and carried out research for Community Energy England. She is a Director of sustainability consultancy Quantum Strategy & Technology, and in a voluntary capacity also a founding Director of Morecambe Bay Community Renewables. She is also a Director of the Gregson Community Arts Centre in Lancaster.

Dick Clothier

Dick also joined the BCE Board in 2017. Dick is 65 and has lived in Burneside since 2014. Following a career in mining and construction he ran a B&B with his wife in Windermere. He is interested in animal welfare and the environment. He enjoys running, mountain biking and fell walking.

Dick Towler, Company Secretary

Dick was elected to the BCE Board in 2018. His career began in local government, initially in the Snowdonia National Park, then with Norfolk County Council, where he ran a team of foresters, landscape architects and ecologists. He started his own business in 1981, making tree guards and shelters, almost entirely from recycled plastics. He has a passion for renewables, has his own solar panels and drives an electric car. He is retired, keeps bees and has lived in Burneside since 1998.

Disclosure Statement

Neither Burneside Community Energy nor 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.



Conflicts of interest

The Rules of BCE include provisions relating to potential conflicts of interest; related party activities are disclosed and dealt with according to the Rules. For further information see our website: www.communityenergycumbria.co.uk/projects/burneside/

Remuneration

Directors receive no pay for their role as Director. Currently two Directors work for organisations that are contracted by BCE to provide administrative and project development services (Cumbria Action for Sustainability and Quantum Strategy & Technology). These services are provided at or below a market rate similar to that which has been paid by comparable organisations.



RISKS

As Burneside Community Energy Ltd is 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.

Please consider these risks carefully. If you cannot afford to be without the money you plan to invest, please do not buy any shares.

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

Investing in Burneside Community Energy 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.

Your attention is drawn to the following risks:

General Risks of Investment:

- The value of your income can fluctuate and you may not get back all of the money that you invest.
- We have based the business plan on the assumptions set out above: these may not be accurate and will change over time.
- BCE's shares are not traded on the stock market.
- There is no prospect of your shares ever being worth more than their nominal value.
- Shares are not withdrawable by Members 'at will', although at the discretion of the Board BCE will allow or require its Members to withdraw shares.
- 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 their shares retained in the Society.
- Interest payments will be determined annually based on current and past performance and not from forecast income. Interest rates will never rise above a level required to attract and retain capital (as defined by the Financial Conduct Authority).

Renewable Energy Risks

- Government policy towards renewable energy may change, including retrospective changes to the Feed In Tariffs.
- Future electricity prices and business costs may not follow the linear projections.



- Generation levels of solar may not be as projected due to weather variables, interruptions in operation due to repair and maintenance or failures of the system components.
- The Power Purchase Agreement rate obtained from the PV scheme may not always be as favourable as anticipated in the financial projections.
- Climate change could have unexpected consequences which affect the performance of our schemes.

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.
- Installation may take longer than projected and therefore delay the generation of income.
- James Cropper PLC may change its operations, or cease trading, such that it cannot guarantee to purchase all of the electricity generated.
- In the unlikely event James Cropper PLC seeks to redevelop its buildings, it may be possible to move the arrays to another location on the site, but this is not guaranteed. The costs of moving the array will be shared between BCE and James Cropper PLC.
- The costs of re-instatement of damaged or destroyed equipment may not be fully covered by our insurance.

Organisation Risks

- The Directors are volunteers and may fail to manage the Society's finances properly.

Risks for Existing Members of BCE

Existing members' investments will be spread across all schemes owned by BCE and existing investments are not separately protected. It is expected that share interest for existing members will fall below that predicted in the 2015 share offer. If the new systems fail to produce the returns projected, existing members will see further reductions in share interest.

Risk Analysis

The table below provides an indication of the financial impact of some of the most significant risks. Note that these figures are based on current knowledge and modelling assumptions, and will change over time.

Risks relating to the new scheme installation

Risk	Impact/cost of risk	Considerations/Mitigation
Delay in installation such that Phase 2a is not registered with Ofgem by 31 st	We may receive a marginally lower FIT rate than expected: 1.33p/kWh. With careful management of share capital and reserves, we may still be	BCE will aim to pre-register the schemes under the community energy exemption, such that the FITs rate is guaranteed for 6 months beyond the



December 2018.	able to pay share interest at the predicted 4.7% pa.	deadline.
Failure to install the system by the end of the FITs scheme on 31st March 2019.	We may receive no FITs income. Example impact: Community benefit of £4,500 pa Share interest 3.3%	As above, we will aim to pre-register the systems with Ofgem, which will allow an additional 6 months for installation, provided this possibility remains beyond the end of the FITs scheme.
The scheme is not accepted for FITs by Ofgem	As above	We see no reason why this should be the case, but would contest any such decision by Ofgem.
SLDC does not provide a Certificate of Lawful Development	The installation cannot go ahead as proposed. It may be possible to adjust the scheme to meet any conditions imposed	We may decide to appeal the decision, or change the scale of the system. Any monies not invested will be returned to applicants.
Project installation costs increase	Reduces our ability to pay share interest and/or community benefit. Example impact: Costs rise by 5% Community benefit of £5,500 pa Share interest 4.3%	We have obtained a fixed price tender for the installation work, project management and share offer management. The one area of uncertainty is our liability for legal fees incurred by James Cropper PLC and we have included an estimate for these based on our previous experience.
We fail to install the total capacity expected. Due to specific site issues, it is possible Phase 2c (Warehouse) may not happen. Phase 2a (TFP) is the most certain.	Development costs are spread across a reduced income stream; lower surplus for share interest and community benefit. Example impacts: <u>Phases 2a & 2b only</u> – Community benefit of £5,500 pa Share interest 4.3% <u>Phase 2a only</u> Community benefit of £5,000 pa Share interest 4.3%	We will only accept share applications up to the actual capital required. We will aim to minimize any costs associated with Phases 2b & 2c until we are sure they will go ahead.

**Risks associated with our combined PV Systems**

Risk	Impact/cost of risk	Considerations/Mitigation
System output is lower than predicted.	<p>Generation and hence income will be lower than expected. Share interest and/or community benefit payments may be lower than predicted.</p> <p>Example impact: Output consistently down by 5% Community benefit of £5,500 pa Share interest 4.3%</p>	<p>The amount of sunshine will vary and some months or years will see reduced output. We are investing in solar-edge power optimizers, which reduce system losses due to shading or other faults.</p> <p>The lease requires James Cropper PLC not to do anything that might reduce the output of the system (e.g. introduce shading).</p> <p>We may claim on the panel warranties if consistent low performance is due to panel faults.</p>
Loss or damage to the panels, or equipment failure that interrupts generation of electricity.	<p>Lost generation results in loss of income, particularly if faults are not detected promptly, reducing our ability to pay back share capital and/or pay community benefit.</p> <p>A single event may cause us to suspend share interest or community benefit for a period – likely to be 1-2 years.</p>	<p>Good quality panels and inverters have been specified, to reduce the risk of their failure. Panels have a 10-year product warranty and a 25-year linear performance warranty from reputable companies. We have budgeted to replace the inverters at the end of their warranty period. We are investing in power optimizers and remote monitoring which allows us to monitor the output of individual panels and identify and rectify any faults quickly.</p>
Major unforeseen costs for example due to system failure or damage.	<p>Share interest and/or community benefits funds may not be paid for a period.</p>	<p>BCE maintains insurance to cover major damage. We hold reserves and will review our Reserves Policy regularly to ensure any immediate costs can be met.</p>



Repairs to the roof or other electrical work at site require the system to be shut down for a period	Reduced output from the panels for the period of disruption and reduced income.	The lease requires James Cropper PLC not to carry out activities that might affect the operation of the system. Any essential work will be agreed between the two parties, aiming to minimize any disruption to output.
Damage or failure of the supporting building	Potential complete loss of all future income.	The lease requires James Cropper PLC to maintain insurance against this, and to offer an alternative site for the panels.
James Cropper PLC breaks the terms of the lease or PPA	Potential complete loss of all future income.	The lease contains clauses requiring any such dispute to be resolved by an independent expert.
Installer goes out of business	Installer's warranties may be lost and we would need to engage another company to carry out any repairs and maintenance.	Installer warranties are held by a reputable outside organization.
Retail electricity prices fall or do not increase with inflation, triggering a review of the electricity sale price.	Example impact: A 10% drop in the PPA unit rate after 5 years Community benefit of £5,000 pa Share interest 4%	Directors will report to members annually on any changes affecting the society's income and recommend ways to manage this to retain the viability of the organisation.
Inflation is lower than expected over the next twenty years.	We have assumed that inflation (RPI) is 2%. As BCE's income is inflation-linked a sustained period of lower inflation would reduce our income and may affect the rate of share interest we will be able to pay.	We aim to pay share interest at a level sufficient to attract and retain members. If inflation and external interest rates remain low, then it may be that a lower rate of share interest would meet this criteria, and we would recommend reducing this at the AGM.

General risks of investment in Burneside Community Energy Ltd

Risk	Impact/cost of risk	Considerations/Mitigation
Administrative, insurance and maintenance costs rise faster than anticipated.	Increased operating costs will reduce returns to members.	Directors will closely monitor ongoing costs and will report these annually to Members at the AGM.



BURNESIDE COMMUNITY ENERGY

Share Offer for an additional 459kW Solar PV Array on the Roof of Burnside Mills

BCE does not have sufficient funds available to repay shares on request.	Shares cannot be repaid when members request.	BCE is not obliged to repay shares on request but will make every effort to do so. BCE may re-open this share offer to allow existing members to increase their shareholding, or to accept new members.
Directors mismanage the organisation.	BCE gets into financial difficulties.	Members review accounts and hold directors to account at the AGM and can elect different directors.
Unable to attract new directors to manage the organization.	As voluntary roles, there is the possibility that as the current directors resign, no others come forward to take over. In this case the organization would need to be wound up and assets transferred to another organization with a similar asset lock.	<p>Members are encouraged to become actively involved in the organization and the directors will plan their retirement and seek replacements in sufficient time.</p> <p>We aim to continue to develop new projects and thus keep the organization active.</p> <p>BCE members could agree to outsource management of the Society to another similar organization.</p>



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 administrative support, technical advice and assistance in registering the company, in running our Share Offers.

Community Energy Cumbria, a Community Interest Company, supports BCE by hosting our webpage.

Ellergreen Hydro Ltd, based at Burneside, Kendal offered free technical, legal and administrative support throughout the first project development and has helped to initiate these new projects.

GenFit Ltd will be our installer for the Phase 2 projects. GenFit's founder has worked in the renewable energy industry for over 20 years and has helped to deliver solar systems for community energy organisations in Chester and Brighton.

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

Waste Resource Action Programme (WRAP) provided BCE with a grant of £20,000 in 2017 to enable BCE to carry out feasibility studies on a potential new heat network and microgrid in Burneside.

**CO-OPERATIVES UK**



TERMS AND CONDITIONS FOR APPLYING FOR 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.

The share offer is being administered on our behalf by Cumbria Action for Sustainability (CAfS).

Your application

You cannot withdraw your application for shares after we receive your application form and payment. 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, shares will be allocated in the following order:

1. applicants who are resident in Burneside or who work at James Cropper PLC
2. existing members who do not fall into the above category
3. residents who live outside of Burneside but who are resident in Cumbria
4. applicants from outside Cumbria.

Applications will be accepted in order of receipt of application in each category above, provided the full payment has also been received. Shares will be allocated to all applicants in the first priority group before any are available to applicants in the second group, and so on.

Once the full amount has been raised, the Directors of Burneside Community Energy Ltd will give notice of closure of the share offer via 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 by 31st January 2019.

Your payment

Shares are payable in full on application. CAfS will acknowledge receipt of your BACS payment / cheque and application form. BCE may cash your cheque as soon as it is received. BCE will hold your money on trust for you 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 documentation.
- 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 another non-profit body or bodies subject to at least the same degree of restriction on the distribution of profits and assets as included in BCE's Rules,

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 CAFS, 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 registered 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.

Our governing document, the Rules of Burneside Community Energy Ltd, is available to download at www.communityenergycumbria.co.uk/projects/burneside 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.

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.



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/projects/burneside/ 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 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.

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).

Share interest will be paid directly into your/your child's bank account by BACS, so please also provide details of the account you wish this interest to be paid into.

APPLICATION FORMS

Please send completed form to Cumbria Action for Sustainability either by:

- Email: to **bce@cafs.org.uk** Completed forms will only be accepted by email as a pdf document or jpg image and must contain either a scanned or an electronic signature. The form may be filled in electronically or printed, completed by hand and scanned.
- Post: Burneside Community Energy Ltd, c/o CAFS, Eden Rural Foyer, Old London Rd, Penrith, Cumbria CA11 8ET

BACS PAYMENTS

Once you have filled in the appropriate application form please make a BACS payment to Burneside Community Energy Ltd at Unity Trust Bank.

Account Name: Burneside Community Energy
Account No: 20360872
Sort Code: 60-83-01

Your reference: Please provide your SURNAME (e.g. ARNOLD) in capitals and your POSTCODE (e.g. CA10 3ET) as a reference: so if your name is Jane Arnold and you live in Newby, your reference would be: ARNOLDCA103ET Thank you.



CHEQUE PAYMENTS

Send a cheque payable to 'Burneside Community Energy' 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 Wednesday 21st November 2018**.

We will inform you by email or post of your share allocation by 31st January 2019.

GDPR STATEMENT

Personal information we collect includes details such as your name, date of birth, email address, postal address, telephone number and bank details (for the purposes of investments and making interest payments to you), as well as information you provide in any communications between us. You must give us this information when you first become a Member.

We will only use this information:

- To process your investments and to make interest payments to you.
- To update you with important administrative or financial messages about your investment.
- To keep you informed of formal events like the AGM.
- To invite you to other events that BCE is holding or with which BCE is associated within the parish.
- To inform you of opportunities relating to BCE's community benefit fund.
- To keep a record of your investment with us.
- If you volunteer with us, to administer a volunteering arrangement.

As a member you must agree to us sending you formal documents.

Our full GDPR Privacy Policy is available on our website.

CONTACTING US

If you would like to get in touch, please email: bce@cafs.org.uk

CHECKLIST

In order for your application to be accepted, please make sure you send us:

- ✓ Your completed application form
- ✓ Payment by our preferred method of BACS or cheque
- ✓ Bank details for payment of share interest (or return of share application payment)
- ✓ Nomination of shares on death.



APPLICATION FORM – INDIVIDUALS

PLEASE USE CAPITALS AND COMPLETE BOTH PAGES

Before completing this Application Form you should:

- Read the Share Offer Document and Business Plan
- Read the Rules of Burneside Community Energy Ltd. available from the Society
- Pay special attention to the Risks set out in this Offer Document
- Consider whether you need to take financial or other advice

I/We wish to invest a total amount of £_____

in Burneside Community Energy Ltd. on the Terms and Conditions of the Offer Document at the price of £1.00 per Share.

You may subscribe not less than £250 and not more than £50,000.

Individual Applicant details:

First Name	
Last Name	
Address	
Postcode	
Telephone	
Email	
I am an employee of James Cropper PLC (tick)	
I am a member of BCE	

If the Application is on behalf of a child please fill in the contact details above and also

- ☐ I wish to hold these shares on behalf of the person under 16 named below.

Name:	
Address:	
Postcode:	
Date of birth:	

Bank details to allow payments from the Society to you to be paid by bank transfer.

Name on account:	Bank:
Sort code:	Account No:

**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 in accordance with our Privacy Policy. 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.

Declaration - Please tick

- ☐ I have read the Share offer Document, including risk factors.
- ☐ I am over 16 and meet the Offer eligibility criteria
- ☐ I am already / 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
- ☐ 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 am not relying on any information or representation in relation to the Offer Shares or the Society that is not included in the Offer Document.
- ☐ I shall provide all additional information and documentation requested by the Society in connection with this Application, including in connection with money laundering, taxation or other regulations.
- ☐ I understand that any cheque supporting this application will be presented for payment upon receipt and I warrant that it will be paid on first presentation.
- ☐ I consent to receiving formal notices by email and links to formal documents on Burneside Community Energy website.
- ☐ I consent to receiving occasional newsletters from Burneside Community Energy.

Payment – please tick where applicable.

- ☐ I have sent a BACS payment to Account Name: Burneside Community Energy, Account No: 20360872, Sort Code: 60-83-01 with the reference _____
- ☐ I enclose a cheque for £ _____ amount made payable to 'Burneside Community Energy'

Signature

Signature	
Date	

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. This application form can be photocopied and additional application forms are available. For all enquiries use the contact details above.

The closing date for applications is 5.00pm Wednesday 21st November 2018

Thank you for applying to join or continuing to support Burneside Community Energy



APPLICATION FORM – ORGANISATIONS

PLEASE USE CAPITALS AND COMPLETE BOTH PAGES

Before completing this Application Form you should:

- Read the Share Offer Document and Business Plan
- Read the Rules of Burneside Community Energy Ltd. available from the Society
- Pay special attention to the Risks set out in this Offer Document
- Consider whether you need to take financial or other advice

My/our organisation wishes to invest a total amount of £_____

in Burneside Community Energy Ltd. on the Terms and Conditions of the Offer Document at the price of £1.00 per Share.

You may subscribe not less than £250 and not more than £50,000.

Organisation details:

Organisation name:		
Organisation address:		
Postcode:		
Type of organisation:		
Registration number:		
	Authorised Signatory 1	Authorised Signatory 2
Name		
Position		
Phone		
Email		

Bank details to allow payments from the Society to you to be paid by bank transfer.

Name on account:	Bank:
Sort code:	Account No:

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 in accordance with our Privacy Policy. 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.

**Declaration - Please tick**

- ☐ I have read the Share offer Document, including risk factors.
- ☐ I am over 16 and meet the Offer eligibility criteria
- ☐ I am already / 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
- ☐ 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 am not relying on any information or representation in relation to the Offer Shares or the Society that is not included in the Offer Document.
- ☐ I shall provide all additional information and documentation requested by the Society in connection with this Application, including in connection with money laundering, taxation or other regulations.
- ☐ I am signing this Application on behalf of my organisation with explicit authority to do so.
- ☐ I understand that any cheque supporting this application will be presented for payment upon receipt and I warrant that it will be paid on first presentation.
- ☐ I consent to receiving formal notices by email and links to formal documents on Burneside Community Energy website.
- ☐ I/We consent to receiving occasional newsletters from Burneside Community Energy.

Payment – please tick where applicable.

- ☐ I have sent a BACS payment to Account Name: Burneside Community Energy, Account No: 20360872, Sort Code: 60-83-01 with the reference _____
- ☐ I enclose a cheque for £ _____ amount made payable to 'Burneside Community Energy'

Signature(s)

	Authorised signatory 1	Authorised signatory 2
Name		
Signature		
Date		

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. This application form can be photocopied and additional application forms are available. For all enquiries use the contact details above.

The closing date for applications is 5.00pm Wednesday 21st November 2018

Thank you for applying to join or continuing to support Burneside Community Energy



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, or a person under 16 if a Trustee is also appointed.

Burneside Community Energy Ltd will respect your wish in so far as the law and our Rules permit.

	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.