

Community Energy Merseyside Limited Liverpool Community Solar Share Offer

An opportunity to invest in a community enterprise to generate renewable energy to the benefit of community organisations on Merseyside



Target: Up to £96,000

Minimum Sum To be Raised: £16,000

Minimum Investment £250

Maximum Investment £2,000

Offer Closes: 24th March 2016

**To invest email contact@gnce.co.uk or jspencer4@toucansurf.com
for application forms and further information**

Summary

We are seeking investors who wish to help community organisations in Liverpool become more environmentally and financially sustainable by installing and operating renewable energy systems in their buildings and provide them with low-cost energy. All installations will be on schools, community and commercial buildings in the Merseyside area.

If you choose to make an investment, you will become a member of Community Energy Merseyside Limited [CEM], a not-for-profit Community Benefit Society, registered number 7195. CEM was established in 2015 and will operate for the benefit of the local community. All members will have a say in how the business is run and have the right to stand for and/or elect board members to conduct the day-to-day operations of the Society.

We are inviting interested parties to invest between £250 and £2,000. Each member-investor will have an equal say in the enterprise irrespective of how much they have invested.

The launch of this Investment Offer has been greatly assisted by the advice and support of MORE Renewables which has been promoting community energy in the northwest over many years; Lymm Community Energy and the Centre for Sustainable Energy. It has also benefitted from a grant from the Urban Community Energy Fund which is sufficient to cover all costs of making this offer of shares.

The initial directors of CEM have undertaken all necessary planning and design requirements, negotiated with site landlords and where necessary applied for and received planning permission. They have also negotiated lease agreements and power purchase agreements with all property owners which will be signed before installations commence. MCS-registered installers Feed It Green Limited of Liverpool have chosen to install the systems. We will be able to commence installation immediately finance has been secured.

The Society will earn income from a) the Generation Tariff; b) the Export Tariff and c) a Power Purchase Agreement with the site landlords. Community Energy Merseyside will therefore be able to pay an annual dividend of between 3% and 5% to investors.

Purpose of the Investment

Community Energy Merseyside Limited invites investment in its first share offer. We are seeking to raise up to £96,000 through a time-bound offer with other finance.

1. If we raise £16,000 we will install a 15.6kWp solar photovoltaic system at the Kuumba Imani Millennium Centre in Liverpool L8 <http://www.kuumbaimani.org.uk/>
2. If we raise £40,000 we will also install a 20kWp solar photovoltaic system at Walton Cornerstone, Walton, Liverpool <http://www.waltoncornerstone.co.uk/>
3. If we raise £66,000 we will also install a 25kWp solar photovoltaic system at Francis de Sales, Everton, Liverpool, the new home for Positive Futures North Liverpool <http://www.positivefuturesnorthliverpool.co.uk/>
4. If we raise £96,000 we will finally install a 29.5kWp solar photovoltaic system at Norman Pannell CP School in Netherley, Liverpool <http://www.normanpannell.com/>

It is not proposed to pay wages to any staff during Years 1-5 in order to maximise the return to investors and build reserves quickly.

Projected Social Returns

The purpose of the Investment Offer is to create a viable not-for-profit community energy company with the skills and resources to undertake a long-term, ongoing program of renewable energy installations on community and commercial buildings to the benefit of the people of Liverpool. It will also use a proportion of its surpluses to support community environmental and social causes in Liverpool and more widely as determined by members.

Social Return on Investment will be monitored by the board of CEM and reported annually to members in writing and more frequently through e-newsletters, social media etc. A series of social indicators will be created, targets for generating social return developed and progress towards achieving targets monitored and reviewed regularly.

What Are You Investing In?

You are investing in Community Energy Merseyside Limited for a single purpose: to install and operate renewable energy systems in community buildings. Community Energy Merseyside is a Community Benefit Society registered with the Financial Conduct Authority.

Being incorporated gives members and directors the protection of limited liability. It also guarantees that the assets of the Society will be used for the benefit of the community and not disposed of for the private profit of the directors or members. The Rules of Community Energy Merseyside have been approved by Financial Conduct Authority and are available on request.

Members who join Community Energy Merseyside become part of a community to directly address the challenges of energy security and climate change by generating renewable energy. A Community Benefit Society works on the basis of one member, one vote: each member has one vote irrespective of how many shares she or he owns.

Community Energy Merseyside – Who We Are

Community Energy Merseyside has been established by four local renewable energy and environmental activists on Merseyside. They have been involved in this activity for more than five years.

Martin Conroy, Mark Shooter and Jerry Spencer have been promoting community renewables in Liverpool since 2010. Stuart McBain is a chartered accountant, entrepreneur and has a track-record in leading renewable and alternative energy companies. Stuart McBain is also a member of the Northern Social Investor Group. All four have strong links to their local communities, whether neighbourhood or environmental networks or networks of social entrepreneurs and investors.

Through its current membership Community Energy Merseyside is well-connected locally with a variety of community networks. Our members have a track-record, proven capabilities and a strong local profile. Its members are all well-known and well-respected social entrepreneurs and activists with a long-record in community and economic development across a variety of fields.

Share Issue - Applying For Shares

Each share costs £1. The minimum investment is £250, the maximum individual investment is £2,000. When you make an investment, this will be used solely for the cost of installation.

If we reach the minimum needed for each installation, we will contact you to find out if you are willing for us to use your investment to begin installation. If at each stage the minimum investment required is not reached, we will contact you to agree how to use your investment or return it to you.

No part of your investment will be used for administration, legal or other costs.

Applications for shares will be accepted by post or email. Payment can be made by cheque made out to Community Energy Merseyside Limited, by BACS transfer or Paypal using the name of the applicant as a reference.

The offer is open until 24th March 2016. In the event that this community share issue raises the full amount needed to finance the installations before the deadline, the Directors will give notice of closure of the share offer.

Risks

Your investment is fully at risk. You may lose some, or all, of the money you have invested.

The value of shares in CEM will not increase and may be written down by the Directors if warranted by the financial position of the Society. The only financial benefit for members is from the interest that is paid. This offer of shares is not regulated under the Financial Services and Markets Act 2000 nor is it authorised by the Financial Conduct Authority. If the business fails investors have no right of complaint to the Financial Ombudsman or the Financial Services Compensation Scheme.

CEM will not charge any sum for the administrative cost of making refunds which in all cases will be made within 10 working days of a request being made by the investor.

In the event that the share issue raises the full amount needed to finance the acquisition and installations before the deadline, the Directors will give notice of the closure of the share offer. Any applications received after notice of closure will be used to compile a waiting list of potential members who will be invited to replace members who withdraw capital in the future or be given first preference in subsequent share offers.

If the issue is over-subscribed then applications may need to be scaled back on an agreed basis that will be broadly proportional to the number of shares applied for with the aim of granting everyone who applies a minimum number of shares. Preference will be given to applicants who live on Merseyside.

Withdrawal of Shares

We require members to keep their investment in the enterprise for at least the first three years before they can withdraw it. This period will run from the day that electricity generation commences. After that time, investors can give three months notice of their intention to withdraw funds. Shares are not transferable (i.e. people cannot sell them to anyone else).

Each year we will set aside money to repay members who wish to withdraw their shares. This has been budgeted for in our financial projections, which assume that from 2019 3% of the shares will be withdrawn each year. In addition we will set aside funds in order to ensure that all capital invested will be repaid after 20 years. The Directors have the power to restrict withdrawal of capital on occasions if this would harm the Society.

Interest On Shares

Each year the directors will recommend what interest rate should be paid on share capital to be approved by the members at the Annual General Meeting. At the moment the rate of return has been set at 4% though depending on circumstances this may range between 3% and 5%.

Community Benefit Fund CBS rules require that any surplus made by the society after it has paid share interest must either be reinvested or used for social or community purposes within the area of Merseyside. We propose to put a proportion of our surpluses each year into a Community Benefit Fund. Members will be able to propose uses for this money support community environmental and carbon saving projects that tackle climate change, promote energy efficiency and reduce fuel poverty.

The Board

Directors

The Society will be managed by a board of directors of not less than 3 and up to 12 members. They will be accountable to the membership and will report to them regularly via newsletters and social media and an Annual General Meeting. After the first AGM, at least one third of the directors must stand down each year and may be re-elected or replaced by new directors drawn from the membership of the Society.

The Team

The founder members of CEM bring with them a range of professional experience and give their time voluntarily. The founder members have formed the Board of Directors. However, at our first Annual General Meeting a new Board of Directors will be elected.

Martin Conroy BA, MSc

Martin Conroy has worked in the field of community energy and community sustainability and wellbeing for around 10 years. He is also technically qualified and experienced and undertakes design analysis, roof loading calculations, systems design and other technical tasks.

Stuart McBain

Stuart McBain is a chartered accountant with a background in community environmental projects, he chiefly provides financial and regulatory regime advice. He is a director of Tesla Energy Services Ltd, Regenus Tesla and the Northern Social Investment Group. Stuart McBain Ltd is a registered and approved access to finance coach and growth coach for the GrowthAccelerator program, providing expert tailored advice to help ambitious businesses achieve rapid, sustainable growth.

Mark Shooter

Mark Shooter is a long-time environmental activist and is a leading member of (for instance) Transition South Liverpool, Dingle Growers and Dingle Community Learning Partnership. He undertakes promotion, web design, community engagement and client liaison. He is City & Guilds qualified in heating and ventilation installation and domestic installations.

Jerry Spencer, BA, MA

Jerry Spencer has been involved in community energy promotion and delivery since 2010. He has been professionally involved in community regeneration and economic development for over 20 years and between 1990 and 1996 was a co-operative development worker in different parts of the country. He has experience of setting up and managing social enterprises and community promotion and engagement. He has been a long-standing member of the Liverpool Green Partnership and Project Dirt. He is a graduate of the School for Social Entrepreneurs.

The current directors are willing to remain as directors of CEM though they will stand down at the first AGM and seek election as per the rules of the Society.

Directors' Declaration

Due care has been taken in preparing this offer document, a process which has been overseen by the directors, who can vouch that the information it contains is in accordance with the facts and that there are no omissions likely to affect its import.



Just some of the many young people who Positive Futures North Liverpool assist every year. Their new headquarters in Everton will benefit from solar panels installed by Community Energy Merseyside

Community Energy Merseyside Liverpool Solar Communities Financial Forecast
Profit and Loss Projections

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Income																					
Walton Cornerstones	2,140	2,709	2,788	2,870	2,955	3,011	3,100	3,192	3,253	3,349	3,448	3,514	3,618	3,687	3,796	3,868	3,983	4,058	4,179	4,212	67,728
St Frances de Sales	2,226	2,817	2,900	2,985	3,073	3,132	3,224	3,319	3,383	3,483	3,586	3,654	3,762	3,834	3,948	4,023	4,142	4,221	4,346	4,381	70,437
Norman Pannell School	2,525	3,196	3,290	3,387	3,486	3,553	3,658	3,766	3,838	3,951	4,068	4,146	4,269	4,350	4,479	4,564	4,700	4,789	4,931	4,970	79,919
Kuumba Imani Centre	1,336	1,690	1,740	1,791	1,844	1,879	1,934	1,992	2,030	2,090	2,151	2,192	2,257	2,300	2,369	2,414	2,485	2,532	2,608	2,628	42,262
Total Operating Income	6,892	8,722	8,978	9,242	9,514	9,696	9,982	10,277	10,473	10,783	11,102	11,314	11,649	11,871	12,223	12,455	12,825	13,068	13,457	13,563	218,084
Expenditure																					
Start up costs and project management	922																				
Administration, fees, etc	463	475	487	499	511	524	537	551	564	579	593	608	623	639	655	671	688	705	723	741	11,835
Maintenance	0	0	0	0	0	900	923	946	969	993	1,018	1,044	1,070	1,097	1,124	1,152	1,181	1,210	1,241	1,272	16,139
Insurance	260	273	287	301	316	332	348	366	384	403	424	445	467	490	515	541	568	596	626	657	8,597
Extension of inverter warranties (3)						1,100					1,250					1,400					3,750
Total operating expenditure	1,645	748	773	800	827	2,856	1,808	1,862	1,918	1,975	3,285	2,096	2,160	2,225	2,293	3,764	2,436	2,511	2,589	2,669	41,243
Operating surplus	5,246	7,974	8,205	8,442	8,687	6,840	8,174	8,415	8,556	8,807	7,817	9,218	9,489	9,645	9,930	8,691	10,389	10,556	10,868	10,894	176,842
Other income																					
Interest received (4)	132	170	175	180	185	168	173	178	181	187	192	196	202	205	212	215	222	226	233	234	3,865
Total other income	132	170	175	180	185	168	173	178	181	187	192	196	202	205	212	215	222	226	233	234	3,865
Other expenditure																					
Depreciation	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	4,610	92,192
Interest on PL Loan	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	32,790
Total other expenditure	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	7,132	124,982
Net surplus/loss	-1,754	1,011	1,247	1,490	1,740	-124	1,215	1,461	1,605	1,862	878	2,282	2,559	5,241	5,532	4,297	6,001	6,173	6,491	6,518	55,725
Community Benefit Payment (6)			499	596	696	-50	486	584	642	745	351	913	1,024	2,096	2,213	1,719	2,401	2,469	2,596	2,607	22,587
Profit/loss carried forward	-1,754	-742	6	900	1,944	1,870	2,598	3,475	4,438	5,555	6,082	7,451	8,986	12,131	15,450	18,028	21,629	25,333	29,227	33,138	
Corporation Tax (7)		202	150	179	209	-15	146	175	193	223	105	274	307	629	664	516	720	741	779	782	

Notes

- (1) All income is inflation-linked (to RPI). RPI is assumed to be: 2.50%
- (2) Extension of 5-year warranties for inverters to 20 years, at the end of the initial warranty period.
- (3) Extension of 5-year warranties for inverters to 20 years, at the end of the initial warranty period.
- (4) Interest rate assumed : 1.75%
- (5) Loan Repayments 5.5% over 12 years with a 6 month capital repayment holiday
- (6) Community benefit payments are 65% of Operating Surplus
- (7) Liability depends on whether community benefit payments are made to a charity