



**DORSET
COMMUNITY
ENERGY**

Share Offer Document 2015



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COMMUNITY
ENERGY**

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The project website with further information and documents is available at:

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This Society has been developed with support from:



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PV solar installation
at Martinstown Village Hall

Directors' Letter

May 2015



Dear Potential Society Members,

Dorset Community Energy is your chance to directly own solar panels on schools and community buildings in Dorset. We are a Community Benefit Society and our first installations will mainly be on schools and village halls in the Dorchester and Bridport area, supported by the Big Lottery Communities Living Sustainably in Dorset project. The participating schools and village halls will receive free electricity from the solar panels, predicted to be worth in excess of £200,000 over a period of 20 years.

You are invited to become a member of the Society. You can subscribe to this share offer for as little as £100. You will receive a fair return on your investment with an internal rate of return (IRR) of 6.3% over 20 years - along with significant tax benefits for most taxpayers.

Dorset Community Energy is registered with the Financial Conduct Authority and our structure is based on other successful renewable energy Societies across the UK.

This Share Offer Document gives you the information you need in order to decide if this investment is right for you. We hope you do decide to join us and become a member of Dorset Community Energy.

The Directors

Declaration

The Directors hereby declare that the information contained in this Offer Document is to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Tom Burnett

Derek Moss

Tim Crabtree

Summary of Offer

This is a summary of the offer to acquire shares in Dorset Community Energy Ltd ('the Society'). 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.



Introduction

The purpose of this share offer is to raise £135,000 to pay for solar panel installations on 3 schools and 3 village halls in south Dorset. Solar panels on the 3 village halls have already been installed using a short-term loan facility. The Society aims to be generating renewable electricity at all sites by autumn 2015.

The Society

The Society's purpose is to generate low-carbon solar electricity which will be provided free of charge to each building, with any surplus going to the national grid. It is estimated the scheme will displace the equivalent of 42 tonnes of carbon dioxide per year.

Dorset Community Energy (DCE) will generate revenue from the sale of electricity and receive income from the feed in tariff (FiT). A projected annual surplus over expenses will enable DCE to pay interest payments to members of the Society and cover operational costs including insurance.

The Offer

This Offer Document seeks to raise funds by the issue of Offer Shares at £1, payable in full on application. The offer will be opened for applications from 5th June 2015 and will close on 4th July 2015.

Those applying for membership should regard these Shares as a long-term investment. They may subscribe for a minimum of 100 and a maximum of 10,000 offer shares at their £1 par value.

This share offer is designed to be eligible for SEIS tax relief. At current rates of tax relief this amounts to 50% Income tax relief on investment under this share offer. Advanced Assurance of reliefs has been applied for from HMRC but neither the Society's nor the Members' eligibility for SEIS tax relief can be guaranteed.

Returns to Members are calculated using the assumptions stated in this Offer Document. The projected return over the expected life of the Project equates to an internal rate of return (IRR) of 6.3% over the 20 year project period. Any benefit of tax relief is in addition to this.

Shares will not be traded on a recognised stock exchange and are not transferable. Members may apply to withdraw shares after the end of the third year of operation. Share withdrawal is at the discretion of the board. The Society intends to repay members' share capital over a 20-year period, subject to financial performance and available funds.

Each shareholder, whatever the relevant stake, automatically becomes an equal member of the Society on a 'one member one vote' basis.

Risks

All investment and commercial activities carry risk. Investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of the Project.

Those interested in investing should do so only after reading this document in full and taking appropriate financial and other advice. This share offer is not covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Business Overview

This section provides details about the Project and the organisations that have put it together.



Renewable Energy Societies

The first renewable energy Society in the UK was Baywind in Cumbria, established in 1997. There are now approximately 50 renewable energy Societies across the UK and across the technologies, including successful solar societies on community buildings just like ours.

Community Benefit Societies are democratic structures with the legal ability to raise money directly from members of the public. With a 'one member one vote' system and a board elected from the membership, they offer a fair and transparent way to operate a community-owned renewable energy enterprise. They ensure that control over and financial benefits from renewable energy flow to people in the locality. Societies are registered with the Financial Conduct Authority (FCA).

Key aims of Dorset Community Energy are local engagement and investment in renewable energy projects that provide a community benefit- in this case free solar electricity to schools and village halls.

The Project

The Dorset Community Energy directors and secretary have undertaken the preparatory work to bring this project to fruition, working closely with consultants Sharenergy and Wessex Community Assets. The Big Lottery Communities Living Sustainably in Dorset project, in which Dorset County Council is a partner, financed the costs of initial solar PV site assessments and feasibility studies which were co-ordinated by the County Council's Renewable Energy Development Officer.

The following work has been achieved:

- Site assessments and technical feasibility studies including securing competitive quotations based on an initial shortlist of 6 local accredited solar PV installers, all of whom provide a minimum 5-year installation warranty.
- Financial modelling completed with assistance of consultants Sharenergy.
- Solar panel installations have been completed at 3 village halls using a short term loan facility, to be repaid through the share offer.
- Grid connection offers for the 3 schools currently included in the project.
- Feed in Tariff pre accreditation by 30th June for the 3 schools participating in the scheme (i.e. the Feed-in Tariff is fixed at the June 2015 rate, although the installations will take place in August 2015.)
- Heads of terms discussed and agreed with all sites.
- Lease agreements signed with the 3 village halls where solar panels have already been installed.
- Business start-up administration including opening a current and deposit bank account (the latter for receipt of shareholder investments), registration for VAT, registration with HMRC, etc.
- Planning permission and permitted development status secured as necessary.

Dorset Community Energy will be responsible for the on-going insurance, operation and maintenance of the installations including meter reading, collection of Feed-in Tariff income and payment of interest to investors.

Dorset Community Energy

Dorset Community Energy Limited was incorporated and registered with the UK Financial Conduct Authority as a Community Benefit Society number 32155R on 5th August 2013. The Society has been set up with 3 founding Directors and is completely independent of any other body.

The Society's Rules are based on Wessex Community Assets' Model Rules for a Community Benefit Society. A copy of Dorset Community Energy's Rules is available from the project website or by application to the Society (see inside front cover for contact details).

Dorset Community Energy aims to carry out further solar installations in future but this share offer is focused on the sites detailed here. If for any reason one of the school installations does not proceed the directors reserve the right to substitute an alternative school site in this share offer with similar risk profile and economic benefit.



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The Sites

The proposed sites to be financed by this solar PV share issue are as follows:

SITE	SIZE (kW)	CURRENT STATUS
Martinstown Village Hall	10kW	Installed on 7th March 2015 and fully operational. Financed by a short-term loan to be repaid through the share offer.
Salway Ash Village Hall	16kW	Installed on 8th April 2015 and fully operational. Financed by a short-term loan to be repaid through the share offer.
Osmington Village Hall	4kW	Installed on 6th May 2015 and fully operational. Financed by a short-term loan to be repaid through the share offer.
Dorchester Middle School	30kW	All technical and feasibility studies completed. Installer selected following quotations. Awaiting results from a roof structural survey to confirm size of installation and awaiting final approval from the School Governors.
Thomas Hardye School, Dorchester	30kW	All technical and feasibility studies completed. Installer selected following quotations. Awaiting final approval from the School Governors.
Lytchett Minster School, Wimborne	25kW	All technical and feasibility studies completed. The installation is planned to be commissioned in August 2015.

The Technology

Dorset Community Energy has selected high quality solar panels from established European-based manufacturers or innovative global companies already well established in the European electronics market such as LG. All of the solar panels have at least a 10- year manufacturer's warranty and a 25-year performance guarantee of 80% of the original solar electricity output after 20 years. The small annual reduction in output has been included in the Dorset Community Energy financial model.

The directors have initially decided to install and monitor 3 types of solar PV panels in order to compare performance to inform future installations:

- REC solar panels installed at Martinstown Village Hall which are manufactured by a Norwegian company with 12 years' experience. REC solar panels have a track record of performing well in low light conditions.

- SolarWorld solar panels installed at Osmington Village Hall manufactured by a German company with 35 years' experience in the sector, including manufacturing the solar panels used in the original American space programme.
- LG mono all-black solar panels installed at Salway Ash village hall using innovative technology to increase efficiency to 17%, compared to the current average of 15%-16% efficiency for silicon-based solar panels.

All Dorset Community Energy installations have specified high efficiency inverters (the box that connects the direct current from the solar panels to the 240 Volt alternating current grid supply) manufactured by German companies SMA and Fronius, the 2 world market leaders. These inverters have an additional advantage for school installations as they can be web-linked to provide a graphic display of the solar panel output, which is accessible from any computer and used as a renewable energy teaching resource.



Remote meter reading of solar panel installation at Martinstown Village Hall.



Graphic display via SMA providing solar panel output. Accessible from any computer.

Electricity Sales

The electricity generated by the solar panels will be used on site as the first priority. Surplus solar electricity will be exported to the local grid, for example on a sunny day when a village hall is not being used. Electricity used on site by participating schools and village halls will be provided free of charge to the users.

The Society is not-for-profit and receives income from the government guaranteed Feed-in Tariff to pay interest on Members' investments and generate reserves to repay Members' capital and to cover insurance and future maintenance of the solar panels.

Capital

The overall cost of the project installation phase is estimated at £135,000, the target sum to be raised through this share offer. This sum includes £132,500 required for capital investment in the solar panels and accessories at the 6 sites (total 115kW installed capacity) plus £2,500 payable to consultants Sharenergy for the share offer administration, including processing share applications and forwarding share certificates and SEIS tax rebate certificates to Members. All payments received with share applications will be held in a separate Dorset Community Energy deposit account until the share certificates have been issued.

The 'at risk' project development and feasibility study costs have been covered by the Big Lottery Communities Living Sustainably in Dorset project and by volunteer time contributed by the Dorset Community Energy directors and secretary.



Martinstown Village Hall
10kW of solar panels installed
on 7th March 2015.

Project Stages and Timeline

The following timeline is indicative only:

5th June – 4th July 2015	Share offer carried out. Installation contracts issued in July. Shares issued to Members in late July.
August 2015	Leases agreed and signed. The 3 school installations are completed and registered for the Feed-in Tariff.
1st September 2015	Interest on share investment payable to members from 1st September 2015.
October/November 2015	Dorset Community Energy AGM – opportunity for Members to be appointed as directors.
October/November 2016	First AGM after completion of first year's operation: first interest payments to members for the period 1st September 2015 to 31st August 2016 to be approved by Members at the AGM and paid to Members shortly after the AGM.

Community Benefit

Dorset Community Energy as a Community Benefit Society will provide the participating schools and village halls with free electricity from the solar panels, predicted to be worth in excess of £200,000 over a period of 20 years. There is a high level of interest from both school staff and pupils in using the solar panels and real-time internet monitoring as a learning resource. In addition, the Dorset County Council Schools Energy Officer has offered support for energy saving activities to schools participating in the Dorset Community Energy programme.

Schools may also choose to use a percentage of the electricity cost savings to fund additional environmental educational activities.

The directors particularly wish to encourage community cohesion by promoting the investment opportunity to local people and offering priority to investors living within 3 miles of the sites with solar PV installations. For example, local people will be able to view the solar panels on their local school or village hall in the knowledge they are part owners of the installation through membership of Dorset Community Energy.



Legal Agreements

The Dorset Community Energy directors have agreed terms for solar panel installations in order to clarify the legal responsibilities of the Society and the owner of the building hosting the solar panels. The legal agreements are in 2 parts, an initial 'Heads of Terms' which provides a concise summary of the full roof lease agreement which is signed shortly before, or at the time of, the solar panel installation. The lease agreement for schools is based on an agreement developed by Dorset County Council's legal department for solar panels on schools financed by commercial organisations or Community Benefit Societies such as Dorset Community Energy. The Heads of Terms are available from the Dorset Community Energy website – please see the weblink on the inside front cover of this document.

The lease agreement has been designed to protect the interests of the site owner, whose responsibility is limited to ensuring that trees do not grow to shade the solar panels. Dorset Community Energy accepts all costs of insurance and maintenance of the solar panels and the cost of removal and replacement of the solar panels should the roof of the building need repair or maintenance for any reason. Following the advice of installers, Dorset Community Energy has obtained independent roof structural surveys in cases where there has been any doubt of the roof suitability.

All roofs in the 6 sites included in the share offer are less than 25 years old. The Dorset Community Energy insurance policy includes damage to the solar panels from storm, fire and theft, including loss of income whilst the solar panels are repaired or replaced. However, the cost of solar panel removal and replacement for ordinary roof repairs is not insured and therefore presents a risk to shareholders which may result in lower returns.

Salway Ash Village Hall
16kW of solar panels installed
on 8th April 2015.



Financial Projections



SEIS Tax Relief

The Society intends to apply for Seed Enterprise Investment Scheme (SEIS) tax relief for this share offer. This can be a significant benefit to taxpayers, irrespective of the amount of shares subscribed for or the rate at which Income Tax is paid.

Income Tax relief is a percentage of the value of the shares, which qualifying Members can claim back against income tax for the financial year in which the shares were issued (or the previous year). Shares qualifying for SEIS attract 50% tax relief but must then be held for 3 years.

If shares lose value then members can set this loss (minus the initial relief) against income for tax purposes in that year (or the previous year). Funds invested in an SEIS scheme can also provide significant relief of Capital Gains Tax if you have recently sold an asset.

Advanced Assurance of eligibility for SEIS has been applied for from HMRC. However, the directors are not in a position to absolutely guarantee eligibility. Investors should take their own advice as to whether they are eligible for SEIS tax relief. Budget 2015 extended availability of SEIS tax relief to schemes of this type to at least 6 months from April 2015.

Assumptions

The Projections are based on the following principal assumptions:

1. That annual energy production of the Installations will be in line with the estimates made. In the event that the predicted energy production falls below the projected levels the revenues of The Society will be reduced. In the case of a technical fault, the Society will endeavour to make sure that this is covered by warranties and/or insurance, including for losses incurred as a result.
2. Current expectations relating to the global energy market, the UK electricity industry, UK Government policy, and the desirability for and promotion of electricity from renewable sources, will remain reasonably consistent and reasonably favourable to the Installation over the next 20 years, resulting in continuing demand for electricity and related Environmental Attributes produced by the Installations.
3. Prices for insurance etc at a reasonably similar level to those currently obtainable will be achieved through the life of the Installations (after allowance for annual inflation).
4. Operation and maintenance costs will be incurred from the start of operations. Maintenance costs may rise as the equipment gets older. An allowance for maintenance including replacement of the inverters once at each site has been allowed for in the business case financial modelling. However, it is assumed that operations and maintenance costs will rise no faster than the income.

Projections and assumptions such as these are inherently less reliable over longer time spans.



SEIS Income Tax Relief Example

Mary is a qualifying taxpayer who invests £1,000 in SEIS qualifying shares. The SEIS relief available is £500 (£1,000 at 50%). If her income tax liability for the year (before SEIS relief) was, for example, £3,000, she could reduce it to £2,500 as a result of her investment. For more details see

www.hmrc.gov.uk/seedeis

Summary 20 Year Member Cash Flow and Returns

Example of Members Cashflow	£	£	£	£	£	£	£	£
A £1,000 (EIS) Member receives	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Summary Yrs 6–10	Summary Yrs 11–20	Summary Yrs 1–20
Interest on investment	31	34	37	36	37	204	500	879
Capital repayment	-	-	113	50	50	250	537	1,000
Income Tax refund	500	-	-	-	-	-	-	500
Total	531	34	150	86	87	454	1,037	2,379
Cumulative	531	565	715	801	888	1,341	2,379	2,379

	No EIS	SEIS	
Members Projected Return	6.3%	13.8%	IRR

Notes on the Financial Projections

1. The internal rate of return (IRR) without SEIS is 6.3% or 13.8% with. However, this should not be confused with Annual Equivalent Rate (AER). IRR includes repayment of capital whereas AER does not.
2. All profits, subject to the maintenance of a contingency reserve, are paid to members as interest and capital is repaid to members from the end of year 3 with all capital paid back by year 20.
3. The 20 year AER average is 4.4% without SEIS or 8.8% with it. Interest payments start at ~3% but increase to 5% over the last 10 years and are not affected by the repayment of capital (unlike a conventional savings account).
4. The total installed capital cost of the project is £132,500 with an additional £2,500 raised through the share offer to cover the share issue administration.
5. Inflation is set at 2.5% per annum over the 20-year period with the exception of free electricity supplied to participating schools and village halls where inflation is set at 3.5% as conservative reflection of the strong trend for energy prices to outstrip RPI over the last decade.
6. Income is based on the combined value of the Feed-in Tariff generation and deemed export tariffs, reflecting relevant FiT pricing.
7. Depreciation of equipment is straight-line over the 20-year period.
8. Insurance costs are set at £900 /year – this is based on a quote from a reputable broker.
9. Operational and administration costs of the Society are set at £2,000 year. This covers an annual inspection visit to each site, book-keeping, production of annual accounts, maintenance of membership database, phone, email and postal support of members, preparation of AGM papers and annual return, FCA and other regulatory fees. The Society will produce annual accounts and as a small business will apply for the exemption from audit.
10. Normal monthly cash expenditure is expected to be small and will be amply covered by the generation and FIT income. The Projections anticipate that the Society will be cash positive each year from the commencement of operations.
11. Projections are based on a 20-year FiT period.

Risk Factors

All investment and commercial activities carry risk, and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity.



Attention is drawn to the following:

General Investment Risks

- The value of shares can fluctuate with the value of the underlying business.
- Offer Shares will not be transferable or traded on any stock exchange.
- Members wishing to withdraw their share capital will be able to apply to the Board for this purpose after the third year of operation. However withdrawal of share capital is at the discretion of the Board.

Renewable Energy Industry Risks

- Government policy towards renewable energy may change. However throughout the operation of the FiT and previous similar schemes such as ROC and NFFO, the Government has maintained the commitment to the process of 'grandfathering' which ensures that whatever tariff a project is registered for at the commencement of operation, will remain the same for the duration of the FiT period. Therefore, revenue from FiTs for the Society should not be affected by any future changes to the FiT. This payment is also index linked to RPI.
- New technology inventions and developments may render existing technologies and equipment obsolete. However, Solar PV is a stable technology and large technological advances are considered unlikely.

- Long-term changes to weather patterns could result in lower levels of production. However, there is no evidence that the Society is aware of that this will affect energy production at this site. A typical short-term weather conditions could affect expected levels of generation, although overall patterns outside anticipated parameters are unlikely.

Risks Specific to the Society

- The projections are based on the predicted energy yield of the project. The predicted annual electricity output has been estimated using industry standard PVSOL software, cross-referenced with actual solar PV installation performance data from across the UK published by the University of Sheffield. If it were to be lower on average over the project period then members' return would reduce.
- Equipment failure due to exceptional circumstances would increase maintenance costs and this would impact on Society income. However, warranties and insurance will be in place in the event of breakdown of the equipment and will cover loss of income for associated periods of business interruption. Accidental and malicious damage will also be covered under insurance and public liability insurance is provided. All sites will be fitted with total generation meters which can be remotely monitored online, therefore any equipment failure can be identified at an early stage.
- Any changes to the FiT that occur before the Installations are commissioned could result in a change to projections, or in the worst case, non-viability of the project. However the Society will obtain 18 months Preliminary Accreditation for the 3 school sites before the end of June 2015 to ensure that the modelled FiT level is available, i.e. the FiT rate will be guaranteed at the June 2015 rate, even although the installations will not take place until August 2015.

Management & Admin

This section provides details on the Board and the running of The Society.



The Board



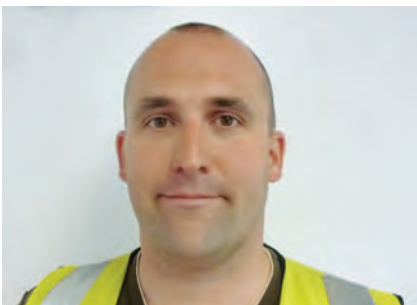
Tom Burnett – Director

Tom spent 10 years at Shell in projects, technology and commercial roles including in Alternative Energy. Since 2011 he has been an independent consultant specialising in Renewable Energy with clients including start-ups, installers, site owners and project developers.



Tim Crabtree - Director

Tim Crabtree lives in Bridport and is a Senior Lecturer at Schumacher College, teaching on Masters programmes run in partnership with Plymouth University. Tim has 30 years experience in the third sector, working in policy development and business advisor roles. Tim has previously worked for the New Economics Foundation and for South West based organisations the Bristol & Avon Community Enterprise Network, Dorset Community Action and Wessex Reinvestment Trust group.



Dr. Derek Moss – Director

Derek is a PhD Astrophysics graduate from the University of Southampton. He is from a Dorset family farming background. Derek has worked for 6 years as a renewable energy and sustainable building consultant. He now project manages the installation of mid-scale anaerobic digesters (biogas plants).



Pete West – Secretary

Pete has 15 years previous experience in the renewable energy sector including 9 years employment as Renewable Energy Project Manager at the West Wales EcoCentre and Severn Wye Energy Agency. He has been employed as Dorset County Council Renewable Energy Development Officer since 2008. He has previous experience as Secretary of Gloucestershire Woodfuels Co-operative and as Company Secretary of Dorset Flexicars Car Club.

Current and Intended Shareholdings of Directors

The total intended shareholdings of Directors and their direct family members amounts to £7,000.

Disclosure

None of the directors of Dorset Community Energy have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies or receiverships, or received any public recrimination or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

Conflicts of Interests

The Big Lottery Communities Living Sustainably in Dorset project has provided financial support to Dorset County Council to enable the Renewable Energy Development Officer, Pete West, to provide technical and administrative support to Dorset Community Energy, including Secretary and financial administration services. A Memorandum of Understanding was signed by Dorset Community Energy and Dorset County Council which specified that Pete West and his family are not permitted to invest in Dorset Community Energy shares, be appointed as directors or receive any financial gain whilst he is employed by the County Council.

Remuneration

The Society may employ service providers to carry out specific paid work. Service providers may also be Directors. Any payment in this case will be made for services provided and not in their capacity as Directors. When the Solar Installation is generating electricity each Director will be entitled to claim fees and/or expenses not exceeding £50 p.a. in addition to travel expenses. Directors' share applications will be met in full, but there are no pension schemes, share option schemes and except for the reimbursement of expenses, there are no other benefits for Directors.

Board Practices

Directors serve in accordance with the Rules. There are no service contracts for them or the Secretary. The Society will have no employees and the business is not dependent on key individuals. Day-to-day operations will be managed by the Society, under the supervision of the Board.

As a Community Benefit Society, Dorset Community Energy complies with statutory requirements and those of the Financial Conduct Authority. As the Shares will not be listed, Dorset Community Energy is not obliged to comply with The Combined Code on Corporate Governance.

Borrowing

The directors identified the benefit of short term borrowing to finance the initial solar panel installations on village halls in order to maintain momentum during a protracted project development phase. The short term loan facility will be repaid from the proceeds of the share offer, thereby ensuring maximum opportunity for local community investment.

The best value commercial offer was a 7-year fixed term loan of £40,000 @ 6% interest. This did not meet the community investment model of the society nor the Dorset Community Energy business model. Fortunately a relative of the secretary Pete West subsequently offered a personal unsecured loan of £50,000 @ 1% interest for a period 7 months up to 31st October 2015, which was accepted by the directors.

The Dorset Community Energy solar PV business model is cashflow positive each year and no additional borrowing requirement is anticipated.

Administration

It is anticipated that the basic administration of the society including financial management and Member support services will be undertaken on a voluntary basis by the directors, secretary or by volunteers drawn from the membership. Annual accounts will be prepared and submitted to HMRC by a qualified professional. The Directors have made provision in the business model for £2000 of income per year to be retained to cover the costs of professional accountancy, directors travel expenses and as contingency for the cost of business administration should volunteers not be available.

Accounts

Dorset Community Energy was incorporated on 5th August 2013. Its financial year-end is 31st August. A bank account was opened in February 2015. Therefore the annual accounts for the first year since registration show no income or expenditure except for the issue of a £1 share at par to each Director.

Interest Policy

Members' Shares will attract a payment of interest annually in arrears. Interest is paid as per profitability but will depend on financial performance which will vary through a number of factors including the hours of sunshine each year and the indexation increase in the Feed-in Tariff (in line with the increase in the Retail Price Index). The 20 year AER average is 4.4% without SEIS or 8.8% with SEIS. See cashflow summary for details.

Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to the Project or Dorset Community Energy and none are pending or threatened which could have a significant effect on the financial position or profitability of the Society.

Rules of the Society

Community Benefit Societies are governed by Rules approved by the Financial Conduct Authority. A copy of the Rules is available from the Society or from the Society's website (see contact details on inside front cover of this Offer).

Future Development of the Society

Following the successful completion of this share offer and solar PV installations on 3 village halls and 3 schools, the directors intend to investigate the feasibility of expanding the scheme to include a second round of similar installations on the roofs of schools and community buildings in Dorset. The directors will only proceed if the financial benefits to investors and to participating sites are similar or equivalent to the financial benefits in the current share offer.

Further Information

Other documents mentioned in this Offer are available from the Society (see contact details on inside front cover of this Offer).

General information sourced from third parties in this Offer Document has been accurately reproduced. As far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.



Share Offer



Reasons for the Offer and Use of Proceeds

This Offer is being made so that:

- Dorset Community Energy and its Members are able to install Solar PV panels on community buildings in Dorset and benefit the participating schools and village halls financially through providing free solar electricity.
- The community of Dorset may benefit from Dorset Community Energy owning the Solar Installations.
- Members may be as far as possible drawn from the local community.

Offer Shares

135,000 (One hundred and thirty five thousand) ordinary Shares of £1 are offered at par and payable in full on acceptance of an application on the Terms and Conditions of this Offer Document. The Shares, which will not be traded on any stock exchange, have been created under the Co-operative and Community Benefit Societies Act 2014.

Successful applicants will receive share certificates within 4 weeks of the close of the share offer and their details and holdings will be recorded in a share register to be kept by the Dorset Community Energy secretary. Each person or organisation issued with Shares becomes a Member of the Society, with membership rights defined in the Rules.

The principal rights are:

- One vote per holding on resolutions of the Members, including in relation to the appointment of Directors.
- The right to receive an annual interest payment as a return on the investment in shares (subject to available surplus).
- The right to the return of the original investment over years 4–20 of the Installation (subject to available surplus assets and any new business of the Society).
- As a Member, eligibility for election to the Board.

Share Allocation and Tax Reliefs

Shares applied for and paid up will be issued within 4 weeks of the close of the share offer. The funds so subscribed will then be available to the Society.

Interest Payments

Interest will be paid at rates reflecting annual financial performance. Interest will be payable from 1st September 2015 and annually thereafter. It is envisaged that any interest unclaimed for a period of 7 years will be cancelled for the benefit of all Members. The directors will recommend for approval by Members at the AGM the level of interest forecast for the year ahead. The interest paid may be reduced if operating surpluses are lower than expected.

Voting Rights

Each Member has one vote, regardless of the number of Shares held. There are no pre-emption rights.

Rights to Share in Profits/Surpluses

All Members are entitled to share in interest declared out of annual profits, such payments to be divided equally between the total Shares in issue. This means that a Member with 10,000 shares has a single vote but will receive interest on all 10,000 shares. When the Installation comes to the end of its life Members may choose to liquidate the Society, in which case assets will be realised and the net proceeds applied in repaying any outstanding Members' share capital. Any surplus will not be paid to Members but will be transferred to another body with similar aims as required by the Society's Rules.

Withdrawal of Share Capital


Based on the business plan approved by the directors, Dorset Community Energy intends to return Members' capital from the end of year 3 with all capital being repaid by year 20. See cashflow summary for details. Members can apply for withdrawal of share capital after the end of the third year of operation. Members will have the opportunity to apply to have some, or all, of their shares bought back from the end of year 3 onwards, subject to sufficient funds being available and at the discretion of the directors. In addition, the Board has the power to return capital to Members at any time at its discretion.

Taxation

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

Provisions on Death of a Member

In accordance with the Society's Rules, on the death of a member of the Society, their personal representative can apply for withdrawal of the share capital. Return of share capital under this provision will be prioritised by the Board over any other return of members' capital.



Dorchester Middle School
Roof at Dorchester Middle
School suitable for solar PV
installation.

Terms & Conditions



Eligibility

The Offer is open to any person (over 16 yrs old) or organisation meeting the membership requirements.

Application Procedure

- Shares shall be applied for using the Application Form following the Guidance Notes.
- By delivering an Application Form an Applicant offers to subscribe, on the Terms and Conditions contained in this Offer Document, for the number of Shares specified, or such lesser number as may be accepted.
- An Applicant who receives Shares agrees to automatic membership of Dorset Community Energy and to be bound by its Rules.
- An application once made cannot be withdrawn.
- Multiple subscriptions will be admitted providing that they do not result in a Member (other than a Registered Society) holding more than the maximum amount.

The Offer Timetable

The Offer will remain open from 5th June 2015 until 4th July 2015, unless extended. None of the Society, its Directors or advisors will be responsible for loss of interest or any other benefit suffered by Applicants during the period the monies are held by the Society.

Procedures on Receipt of Applications

- Offer cheques/bankers' drafts will be presented on receipt and may be rejected if they do not clear on first presentation.
- Surplus Application Monies may be retained pending clearance of successful Applicants' cheques.
- Applications may be rejected in whole, or in part, or be scaled down, without reasons being given.
- Application Monies in respect of any rejected or scaled-down Applications shall be returned no later than one month after the end of the Offer.
- No interest is payable on submitted Application Monies which become returnable.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate.
- The Society reserves the right not to enter into correspondence with Applicants pending the issue of share certificates or the return of Application Monies.
- Results of the Offer will be published on the Project website within one month after the Offer has been closed.
- In the case of oversubscription, Directors' applications will be met in full and the Directors shall, at their discretion, determine the appropriate allocation of Shares on the basis of proximity to the Installations. Larger applications may be scaled -down and Application Monies refunded.
- Share certificates will be issued to successful Applicants within one month after the end of the Offer Period.

Pricing, Trading and Dealing Arrangements

Shares are offered at their par value of £1. The underlying asset value of each Share is likely to remain at £1 and any Share redemption will take place at par.

Applying for Shares

Before completing the Application Form you should consider taking appropriate financial and other advice. Your attention is particularly drawn to:

- The Risk Factors section which describes risks relating to an investment in the Offer Shares.
- Terms and Conditions of the Offer. By completing the Application Form you will make an irrevocable offer which may be accepted by the Society.
- The Rules of the Society. In buying Offer Shares you will become a Member of the Society and will be bound by those Rules.

Amount to Invest

The price of each share is £1. The minimum number is 100. The maximum is 10,000. Annual interest payments will be based on the number of Shares you hold, but you will only have one vote, regardless of the number of Shares you hold.

Allocation

The number of Offer Shares you apply for will not necessarily be the number of Shares you will receive. If the Offer is over-subscribed your application may be scaled down, or even rejected in its entirety.

Declaration

In signing the Application Form you are making an irrevocable offer to enter into a contract with the Society. Under Money Laundering Regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of the Offer that you do so as requested.

Non-UK residents must take responsibility for ensuring that there are no laws or regulations in their own country that would prevent them from investing in or receiving income from a UK Society.

Payment

Please attach a cheque or bankers draft, drawn on a UK bank or building society, for the exact amount shown in the box under 'Amount to invest'. You may also pay by bank transfer.

- Read the accompanying Share Offer Document
- Pay special attention to the Risk Factors set out in this Offer Document
- Consider where you need to take financial advice or other advice
- Read the Rules of Dorset Community Energy available from the Society

I wish/my organisation wishes to invest a total amount of £ .00 in Dorset Community Energy on the Terms and Conditions of the Offer Document at the price of £1.00 per Share.

Please tick if you wish to be allocated shares qualifying for SEIS tax relief ☐

Title: (Mr/Mrs/Ms/other):		
Forenames:		Surname:
Address:		
Post Code:	Day-time Telephone:	

[illegible]

Name on Account:	
Sort Code:	Account Number:

Organisation Name:	
Organisation Address:	
Type of Organisation:	Registration Number:
Position of Authority Signatory:	

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Declaration

I confirm my understanding that:

- This Application may be withdrawn if a supplementary Offer Document is issued, but not otherwise and if and when accepted by the Society forms a contract in law on the Terms and Conditions of the Offer Document.
- An Applicant who/which is not UK resident is responsible for ensuring that this Application complies with any laws or regulations applicable outside the UK to which he/she/it is subject.
- If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole.

I confirm that:

- I have read the Offer Document (including the Risk Factors and the Guidance Notes to this Application Form) and the Rules of the Society.
- I am over 16 and the Applicant meets the Offer eligibility criteria.
- The Society is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application.
- The Applicant is not relying on any information or representation in relation to the Offer Shares or the Society that is not included in the Offer Document.
- The Applicant 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.
- If signing this Application on behalf of any person/organisation I am doing so with explicit authority.

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.

Signature (Applicant/on behalf of Applicant organisation as applicable):	Date:
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Payment

I wish to pay by: Cheque: ☐ Transfer: ☐ (tick as appropriate)

Cheque	Transfer
Please attach a single cheque or banker's draft for the amount shown above, payable to Dorset Community Energy Limited and crossed a/c Payee.	Please transfer to the following account: Dorset Community Energy Limited Sort code: 16-58-10 . Account no.: 20584016 Please use the applicant name as the reference attached to the transfer.

Dorset Community Energy has appointed Sharenergy as consultants for the administration of this share offer. Please send your completed signed Application Form and payment to:

Sharenergy
The Pump House
Shrewsbury
SY1 2DP

Note: If payment has been made by BACS bank transfer a signed copy of the application form should also be posted to Sharenergy at the address above.

This application form can be photocopied and additional application forms are available. For all enquiries relating to this share offer please use the Sharenergy contact details found on the inside front cover of this document.

Thank you for applying to join Dorset Community Energy.

Glossary



Applicant

An applicant for Offer Shares through submission of an Application Form.

Application Form

The form in this Offer Document which must be completed to be returned in accordance with the Terms and Conditions of this Offer and the Guidance Notes.

Application Monies

The total gross sum realised by this Offer.

Board

The Board of Directors of Dorset Community Energy.

Climate Change

The phrase widely used to describe changing weather patterns as a direct result of global warming.

Community Fund

A fund endowed by the Society which is to be distributed to local organisations.

Dorset Community Energy (or the Society)

Dorset Community Energy Ltd. A Community Benefit Society Registered with the FCA No. 32155R.

Dorset Community Energy Shares

Ordinary shares of £1 in the Society.

Directors

The directors of the Society.

FiT (Feed in Tariff)

Incentive for electricity generation introduced by HM Government on 1st April 2010 under powers from the Energy Act 2008.

Installations

In this Offer Document refers to the Solar panels, any civil works and ancillary equipment at the project Sites.

kW (kilowatt)

A unit that measures power and is equal to 1 thousand watts.

kWh (kilowatt hour)

A unit that measures energy and is equal to the energy that can provide the power of 1 kW for the period of one hour.

MWh (megawatt hour)

A unit that measures energy and is equal to the energy that can provide the power of 1 MW for the period of one hour.

Offer

The Offer of Shares in the Society contained in this Offer Document.

Offer Costs

The expenses incurred by or on behalf of the Society in issuing this Offer Document.

Offer Period

The period during which the Offer will remain open (including any extension) as set out in the Offer timetable in this document.

Offer Shares New

Shares of £1 in the Society, offered at par on the Terms and Conditions and payable in full on application.

PPA

Power Purchase Agreement for the sale of electricity.

Project

The proposed ownership and operation by the Society of a Solar Installation

Projections

The financial projections for the Society set out in this document.

Rules

The Rules of the Society, available on demand.

Shareenergy

Shareenergy Co-operative Limited. A Registered Society (registered no. 31237R)

Sites

The locations of the proposed Solar Installations.

Terms and Conditions

The terms and conditions of the Offer contained in and constituted by this Offer Document.



**DORSET
COMMUNITY
ENERGY**

Share Offer Document 2015

