

share offer document

for John Cleveland College Community
Woodheat Co-operative

www.greenfoxcommunityenergy.coop





directors' letter

June 2013

Dear Prospective Members,

Community energy has the ability to transform the supply and management of heating in the UK for the better. John Cleveland College Community Woodheat is a ground-breaking community Co-operative which will install a woodfuel heating system that will provide renewable heat, reduce carbon emissions and energy costs. It will also be used to support the education and actions of the school children on renewable energy, sustainability and climate change.

Our Co-operative has been set up to enable as many people as possible to be part of this exciting and unique opportunity to create green, sustainable energy and reduce carbon emissions.

The way we heat our homes and buildings has to change if we are serious about combating future climate change. The recent cold winters and ever escalating energy costs are early warnings of what may lie ahead if we don't do things differently. This project aims to address this issue head-on and stimulate the growth of a local and sustainable woodfuel economy to deliver real environmental and economic benefits to the college, local community and Co-operative investors.

We are proud to be pioneers in revolutionising the supply of energy to the school, reducing dependency on finite fossil fuels, and hope you will join us to make this happen.

The Directors

declaration

John Cleveland Community Woodheat Co-operative and each of its Directors, whose names are set out below, hereby declare that having taken all reasonable care to ensure that such is the case, 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.

Alan Gledhill

Richard Halsey

Simon Butt



letter from the principal and chair of governors

John Cleveland College welcomes the partnership with Green Fox Community Energy and the establishment of John Cleveland College Community Woodheat Co-operative. Thanks to this partnership the College can install a state of the art renewable woodfuel heating system that will:

- Significantly reduce the cost of heating the College
- Demonstrate our commitment to using renewable energy and taking a responsible attitude towards addressing climate change impacts
- Support an initiative to use locally sourced woodfuel where possible and thereby make a positive contribution to the local economy
- Provide valuable opportunities for students to learn about the sustainable technologies that will be important in the future as part of a low carbon economy

Heating is a critical part of any schools function and ensuring our school is warm and comfortable for our students and staff has become an increasing challenge as energy costs have risen, capital costs of new heating equipment have increased and access to funding as well as resources to deliver transformational projects such as this has become more and more difficult. This is combined with the pressures of reducing our carbon emissions to help meet local and national climate change targets.

The capital cost of the system will be raised through a community share offer, which is described in this share offer document. Parents and friends of the College are invited to invest in this share offer. If you decide to invest you will have a real stake in a project that will bring lasting social, environmental and economic benefits to the College, its students and the wider community.

You should of course take appropriate advice before you decide to invest but we do hope that you will want to be part of this innovative and worthwhile project.

contents

directors' letter	1
declaration	1
letter from the principal	2
summary of offer	3
background	4
business overview	6
financial projections	9
risk factors	14
management & administration	15
share offer	18
terms & conditions	20
guidance notes	22
application form	24
glossary	26



P D Craven Principal



Michael Sharpe Chair of Governors



summary of offer

Summary of offer to acquire shares in the John Cleveland College Community Woodheat Co-operative Ltd ('the Co-operative').

Introduction

The objective of the Co-operative is to provide sustainable low carbon and renewable heat to John Cleveland College. This will provide affordable warmth for pupils and staff, as well as supporting local renewable fuel production. The purpose of this share offer is to raise the capital needed for the Co-operative to install two biomass woodfuel boilers, backup fossil fuel boilers and all associated equipment.

Each investor, whatever the relevant stake, automatically becomes an equal Co-operative member of the John Cleveland College Community Woodheat Co-operative on a one member one vote basis.

Important Information

This document has been prepared by the Directors of the Co-operative, who are responsible for its contents. Full details on the legal compliance of this document and the terms of the offer and how to invest are set out in the main body of this document and the associated appendices. Technical and other words and phrases used in this Offer Document with a particular meaning are defined and explained in the Glossary. This summary should be read as an introduction only and any decision to invest made on the basis of the document as a whole.

The Project

The project aim is to install two new biomass woodfuel boilers at the College, which is currently heated using oil, and supply renewable heat from woodfuel, which has been sourced locally. These boilers and the associated equipment will be owned and operated by the Co-operative.

The Co-operative will generate revenue from the sale of heat to the school under a Heat Supply Agreement. The Co-operative will also receive income from the Renewable Heat Incentive (RHI). The combination of these incomes will enable it to pay interest payments to members and return their original investment over the course of the investment period of 20 years.

The Offer

This Offer Document seeks to raise sufficient monies by the issue of Offer Shares at £1, payable in full on application, to finance the renewable heating system installation. The sum sought from this Share Offer Document is **£986,473** which is the total cost of the project.

The initial offer period is for **12 weeks**. At the discretion of the Board the Offer may be extended for up to a further **12 weeks**. In the event that the Offer is oversubscribed, applicants living locally to the College will be given priority.

Investors should regard Shares as a long-term investment. They may subscribe for a minimum of 250 and a maximum of 20,000 Shares at their £1 par value.

Member Returns

The projected Internal Rate of Return (IRR) over the life of the Project is **9%**. Substantial tax benefits may also be available to investors, which could further increase the effective return on investment.

Returns to Members are calculated according to projected income and expenditure during the Project Period using the assumptions stated in the Offer Document.

Shares will not be traded on any stock exchange and are not transferable. Members capital will be paid back to investors over the course of the project from year 3 onwards. Members may apply to withdraw shares after the end of the third year of operation and this is authorised at the discretion of the Board.

Environmental Benefits

The project will reduce the consumption of fossil fuels by the College and is estimated to save **407 Tonnes of CO₂** per annum and 8,140 Tonnes of CO₂ over the lifetime of the project.

Social Benefits

The project will bring a number of social benefits; such as engaging staff, students and the wider community in the supply of renewable energy and reducing the energy costs for the College. The Co-operative will generate a revolving community benefit fund which will provide an estimated **£227,876** over the projects lifetime, designed to support further climate change action in the local area.

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 advice.

background

This section provides the background to the project and the organisations that have put it together.

Community Owned Renewable Energy

Co-operative ownership of renewable energy is not a new idea. In Denmark 23% of the country's energy supply comes from co-operatives. Co-operative and Community Energy is a growing sector in the UK, delivering renewable energy and energy efficiency projects owned by the local community. They have the potential to strengthen the UK economy, cost-effectively meet climate and energy goals whilst respecting communities, and generate tangible local economic and social benefits.

Co-operatives are democratic structures with the legal ability to raise money for community benefit, 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 business. They also have the power to prioritise investment in the local area, ensuring that financial benefits from renewable energy are felt by people in the locality. They are registered with the Financial Conduct Authority.

The Government is committed to supporting community energy projects, enabling them to play an important part in helping reach our renewables and carbon reduction targets. Reducing demand, increasing energy efficiency and generating renewable energy are key to underpinning the Government's Community Energy Strategy, which is due for publication later this year. The UK has a target of 12% of heat to come from renewable sources by 2020 and the government is supporting the deployment of renewable heat to meet this challenge. The introduction of the Renewable Heat Incentive (RHI) in November 2011 has created financially viable opportunities for communities to deliver renewable heating projects.

John Cleveland College

John Cleveland College is a large academy for 1,700 students aged 14-19 and is a "Good School" (Ofsted Inspection March 2012). The school has Specialist Science status, recognising the invaluable contribution of its science specialism to the wider community. This has a strong alignment with the objectives of the Co-operative.

The school campus consists of various buildings of different construction types. Part of the College is an old house dating from 1900's, with the other buildings being added over a period of 14 years from 1960 until 1974 as the number of students on roll increased.

The College has a track record of energy efficiency investment and since 1999 has introduced a program of refurbishment work, including a number of energy saving projects. This has included insulating the college's roof spaces, installing motorized zoning valves and thermostatic radiator valves to the heating system and replacing windows with double glazed units. In 2010, through a Salix loan, the College replaced all fluorescent lights with modern energy saving fittings. The College has continued to invest in new buildings and facilities which include a purpose built playgroup facility for the local community. At the start of 2013 the college re-evaluated the condition of all its buildings and facilities and has an Estate Strategy for their continued upkeep and maintenance for the next five years. The Co-operatives delivery of renewable heat will contribute to the delivery of this strategy.



The Project

This project was originally developed as a collaboration between three not-for-profit organisations and John Cleveland College.

Transition Leicester is a growing network of local people that aims to inspire action to make Leicestershire a thriving, low-carbon and resilient environment for people to live in. Its main focus is on developing practical local solutions to some of the big challenges that our community is facing today, such as climate change, the economic crisis and dwindling supplies of fossil fuel energy. (www.transitionleicester.org.uk)

Green Fox Community Energy Co-operative (Green Fox) is a not-for-profit organisation formed in 2012 by local supporters of community energy and Transition Leicester, who were interested in enabling their local community to reduce its carbon footprint and increase deployment of community owned renewable energy (www.greenfoxcommunityenergy.coop)

Shareenergy helps community groups to establish community owned renewable energy co-operatives including the UK's first community woodfuel co-operative, Woolhope Woodheat (www.shareenergy.coop)

John Cleveland College Community Woodheat Co-operative

From the above collaboration a dedicated community co-operative has been established:

John Cleveland College Community Woodheat Co-operative Limited was incorporated and registered with the UK Financial Conduct Authority as an Industrial and Provident Society number 32054R on 30th April 2013, specifically for the installation and ongoing management of the community energy installation at John Cleveland College. It is domiciled in England, with its registered office at 179 Knighton Road, Leicester LE2 3TS. A copy of the Co-operative's Rules are available from the project website www.greenfoxcommunityenergy.coop or by application to the Co-operative (see back of this Share Offer document for contact details).

An Industrial and Provident Society is a legal entity providing the structure of a co-operative. It is owned by and operated for the

benefit of its members and/or the community. Members elect directors and each member has one vote in a members' meeting regardless of the number of shares held. Members are protected by limited liability and are only obliged to contribute the initial cost of their shares, providing the Co-operative is managed in accordance with good business practice. An Industrial and Provident Society is governed by Rules, largely in standard form, which are approved by and registered with the Financial Conduct Authority.

Founder Directors are Simon Butt, Alan Gledhill and Richard Halsey. Under Society rules these founder Directors will serve until elections at the first Annual General Meeting (AGM) which will be held no later than June 2014.

Project Timeline

February 2012	Project potential identified by local supporters of community energy and Transition Leicester
March 2012	Initial feasibility study started, funded by DECC Local Energy Assessment Fund (LEAF) Green Fox Community Energy Co-operative launched at the Green Light Festival in Leicester
April 2012	Initial feasibility study completed and technical feasibility confirmed
September 2012	Proposal presented to John Cleveland College Board of Directors. Decision in principle to proceed with the project
December 2013	Independent project review by the Education Funding Authority (EFA)
March 2013	EFA approval to proceed. Heads of Terms signed between John Cleveland College and the Green Fox Community Energy Co-operative
	Finalising of System Design and signing of Heads of Terms
	In-principle agreement to a license to occupy and heat supply agreement
April 2013	Founding of the John Cleveland College Community Woodheat Co-operative
June 2013	Share offer launched – this document
September 2013	Offer Period ends (unless extended)
	Offer results published and Placement of Orders for equipment commences
October 2013	Share certificates posted
November 2013	Installation and commissioning of first boilers
February 2014	Heating systems commissioned

The National Forest

The Co-operative has a key long term aim to purchase the majority of the wood required for the project from The National Forest. As the woodland is still in its infancy, this objective will be realised over the 20 year lifetime of the Co-operative. By actively sourcing its woodfuel locally, the Co-operative will support The National Forest's long term strategy of bringing economic benefits to the local area through the creation and management of woodlands.

Over twenty years ago, The National Forest was initiated embracing 200 square miles of the Midlands, across parts of Derbyshire, Leicestershire and Staffordshire. It is transforming the landscape with the aim of linking the two ancient forests of Charnwood on its eastern fringe with Needwood Forest to its west. More than 8 million trees have already been planted, on over 6,700 hectares (16,550 acres) of derelict coalfield land and mineral workings. Woodland cover has increased from around 6% in 1991 to 19.5% in 2013.



business overview

The primary activities of the Co-operative are the ownership and management of woodfuel boilers and associated equipment and the sale of renewable heat to John Cleveland College in Hinckley, Leicestershire. The Co-operative will report back to its membership annually on installation performance, carbon emission savings, status of the wider woodfuel market and the Co-operative's progress in developing local supply sourcing from The National Forest.

Woodheat Business Model

The Co-operative will install the proposed woodfuel heating system on the school's premises and assume responsibility for the systems maintenance and fuel supply. The Co-operative will sell heat to the school under a Heat Supply Agreement, which sets out the terms and duration for which the heat energy is supplied. The school will sign up to use the heat delivered by the Co-operative, including an agreed annual minimum heat usage, for a period of 20 years.

The Co-operative guarantees the school a lower price for heat than that which they would pay if using the existing heating oil system. This means that the school does not have to worry about negotiating fuel supply contracts, servicing and maintenance. It also means that it is in the Co-operative's interest, as the school is paying for heat used rather than fuel, to ensure that the equipment is well-serviced and operates to maximum efficiency.

This model is commonly used in the public sector and district heating schemes, where for example a council may contract-out supply of heat to a third party Energy Services Company (ESCo). This enables the heat consumer to concentrate on its core business concerns and simply pay for the heat consumed.



Installers

The installation at John Cleveland College will be carried out by Rural Energy (www.myriadceg.com/biomass), the preferred installer appointed by Green Fox following a detailed competitive tender process. In May 2013 Rural Energy completed a detailed design for the woodheat installation allowing firm costs for the installation to be obtained and a full planning application to be submitted. Established in 2002, Rural Energy are considered to be among the leading biomass energy installers in the UK having installed over 500 heating systems.

Woodfuel Supply

It is estimated that the two biomass boilers will consume around 580 tonnes of woodfuel on average per year. The resulting ash is inert, valuable as a high potash plant fertiliser and will be used within the grounds of the college. The Co-operative will be responsible for the sourcing of fuel, organising and managing annual servicing and maintenance and ensuring heat supply to the agreed point of demarcation with the schools existing heat distribution system. The distribution of heat downstream of this point of demarcation and all associated items such as radiators and pipework will remain the responsibility of the school.

It is the intention of the Co-operative to support the local woodfuel economy through the purchase of local woodfuel. It is estimated that the contract to supply woodchip will be in excess of £60,000 annually. To ensure that the Co-operative have access to woodfuel for the first year of operation, the Co-operative are in the process of agreeing a Memorandum of Understanding with a nominated local supplier and agreeing the placement of a provisional order on completion of the share offer.

The Co-operative is committed to the sustainable use of woodfuel for the duration of the project. Each year it will commission an independent report on the sustainability of the woodfuel used by the Co-operative based on best practice and guidance which will be published for members and the general public.

Legal agreements

The Co-operative signed a Memorandum of Understanding with the College in September 2012 and following this a Heads of Terms agreement in March 2013. Negotiations on all the formal legal agreements are at an advanced stage and are agreed in principal. These will be finalised and signed prior to commencement of the construction phase.

License to Occupy. The License to Occupy commits the school to the terms on which the Co-operative's equipment is installed on the site.

Heat Supply Agreement. The Heat Supply Agreement sets out the terms of heat supply. This covers the temperature of the hot water supplied, timescales for rectification of errors and penalties paid by the Co-operative for any failure to provide heat within agreed parameters. It lays out the basis for the heat price calculation and for termination clauses on either side.

Termination Clause. After year 5 of operation The College has the option to buy-out of the Heat Supply Agreement by paying the residual value of the scheme plus a fixed charge amounting to 20% of the Scheme Value at Date of Installation. This enables the Co-operative to safeguard members' capital and a level of interest payments.



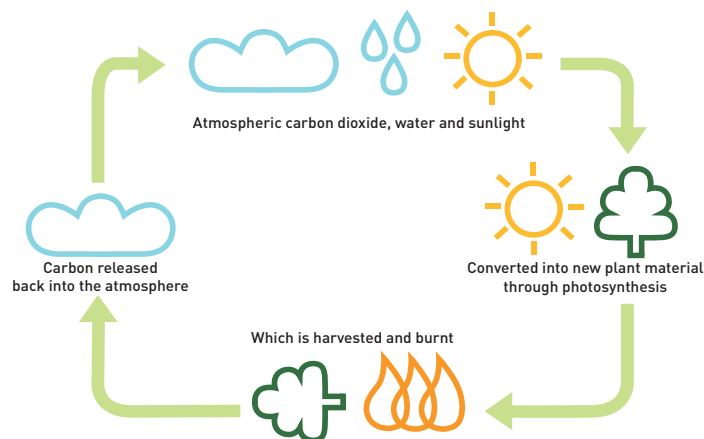
Carbon emissions

The sun is the primary source of energy contained within woodfuel—its energy is captured and stored via the process of photosynthesis. This energy can be released and used (e.g. by combustion). When this occurs, CO₂ and other by-products of combustion are also released. However, the CO₂ released is largely offset by that which was absorbed in the original growth of the wood, or which will be captured in the growth of new wood to replace the wood being used as fuel. Woodfuel is considered to be a low carbon technology if

the wood is derived from sustainable sources. In contrast, when fossil fuels are combusted, they release CO₂ that was captured by photosynthesis millions of years ago, and it is the release of this 'fossil' CO₂, as opposed to contemporary 'biogenic' CO₂, that is the major contributor to global climate change.

The project will reduce very significantly the consumption of fossil fuels in meeting the heating and hot water demands of the school.

The use of woodfuel consequently will effectively reduce the CO₂ arising from the school's annual operations by an estimated **407 Tonnes per year**, thereby making a substantial contribution to meeting local climate change targets.



financial projections

The total anticipated cost for the Project is to be met from the proceeds of this Offer, which is £986,473. John Cleveland College Community Woodheat Co-operative will be liable for all ongoing operating costs associated with the installation. It will derive revenue from the sale of heat to the College and from eligible payments under the Renewable Heat Incentive and any other current or future energy or carbon incentives.

Financial projections in tabular form, prepared and approved by the Board, are summarised on the following pages. The Co-operative has provided a projection based on the cost of The Woodheat Installation, including all development costs, operational costs and forecast revenues.

The figures are based on contracts pending or entered into and estimates received by the Co-operative. The Directors take responsibility for the reasonableness of the projections in this offer. Returns to Members are calculated according to projected income and expenditure during the life of the project. The annual amount available for payment as interest on Members' capital, as determined by the Directors and approved at the AGM, is divided by the amount of Members' equity to give a projected rate of return. The Projections are based on a project and contract term lasting 20 years. At the end of this period the ownership of the installation will be transferred to John Cleveland College.



Project funding

This share offer document envisages that the project capital is raised in full from Co-operative shares. If the sum is not raised in full, following the closure of this share offer, the Co-operative will identify the amount raised and proceed as follows:

- If the target investment of **£986,473** has been raised, the scheme will go ahead as set out in this Offer Document.
- If a sum less than the target sum but greater than **£638,299** is raised, then the installation of the proposed woodheat installation at Boiler House 1 only will go ahead, if deemed to be affordable within the overall financial projections of the project whilst maintaining reasonable returns to Members. It is anticipated that the projected returns to Members set out in the Offer document can be maintained through installation of plant and equipment at Boiler House 1 only.
- If a sum less than the target sum but greater than **£836,473** is raised, then loan finance will be considered to allow the installation of the woodheat installation at Boiler House 1 and Boiler House 2 to go ahead. The Co-operative is in the process of identifying potential loan providers able to offer favourable terms on a loan to cover a proportion of the project cost. This will only be taken out if the Board deems it to be affordable within the overall financial projections of the project whilst maintaining reasonable returns to Members.

Enterprise Investment Scheme Tax Relief

The Co-operative will apply for Enterprise Investment Scheme (EIS) tax relief for the Project.

If the scheme is eligible, EIS tax relief is available to individuals who are taxpayers. The relief is 30% of the value of the shares, which you can claim back against your income tax for this financial year (or the previous year). Shares must be held for a minimum of 3 years from when the Co-operative starts to trade. In this case, this will be when the installation has been commissioned and is selling heat to the College. In the unlikely event that when you eventually withdraw your shares they are worth less than you paid for them, you can set this loss (minus the initial 30% relief) against income for tax purposes in that year (or the previous year). Please note that the 30% rate of relief is not dependent on the rate at which you pay tax.

The Board has made an application for EIS tax relief for the project. We expect that this will be approved as the project it is similar to those that have successfully applied for EIS recently. However, the Directors are not in a position to guarantee this. Investors should take their own advice as to whether they are eligible for EIS tax relief.

Additional Development funding

The project has already received development funding and support from six major sources:

- 1. Local Energy Assessment Fund (LEAF).** In January 2012, Transition Leicester was awarded a grant of **£30,561** from the Department of Energy and Climate Change's LEAF fund as a catalyst to community energy action. This sum has been used to establish the Green Fox Community Energy Co-operative, structures and to undertake initial feasibility work for the project.
- 2. Big Society Development Grant.** The project was awarded a grant of **£5,000** in 2013 for the production of the Share Offer document and professional advice to ensure that the share offer meets all legal requirements.
- 3. The Naturesave Trust.** The project has been awarded a **£1,000** 'seed corn' grant. This grant funding, which is available to community renewable energy projects will help the Green Fox Community Energy Co-operative pay for the detailed design of the biomass installation.
- 4. Good Energy.** Good Energy has donated £1,000 to assist with the launch and on-going publicity.
- 5. John Cleveland College Development Support.** The College has committed a sum of **£20,000** to support the securing of approval from the Education Funding Authority (EFA) as well as to pay for the detailed design of the project by Rural Energy and the progression of legal and contractual agreements in the lead-up to this share offer. This sum is to be repaid in full on completion of a successful share offer.
- 6. Green Fox Development Support.** The Green Fox Community Energy Co-operative has both initiated and supported the development of the project since March 2012. It has managed its progress to its current position, secured the necessary agreements and contracts to proceed and will continue to manage the project until completion. Green Fox will also assume responsibility for project managing the delivery of the project. Green Fox has provided **£18,725** to the project to date and is committing a further **£38,625** up to project completion. These costs are to be repaid in full on completion of a successful share offer.
- 7. Sharenergy Development Support.** Sharenergy has also supported the development of the project and by providing administrative support through the share offer process. It has committed **£1,500** to the project to date and is committing a further **£4,500** to support the completion of the Offer and project installation. These sums are to be repaid in full on completion of a successful share offer.

All development funds payable to John Cleveland College, Green Fox and Sharenergy are conditional upon the completion of a successful share offer, or combination of share offer and financing arrangements.



Material Contracts & Proceedings

A summary of the material agreements entered into by John Cleveland College Community Woodheat Co-operative in relation to the Project is set out below.

Sharenergy – Administration Services Agreement

Under a development services agreement, Sharenergy will be paid an annual RPI linked fee of £550 for its work assisting with the offer and in developing the project for a 20 year contract term, together with an annual fee of £3,000 for administration of the Co-operative for a 5 year contract term, with the option to extend for the full 20 year period.

Green Fox – Management Services Agreement

Under a development services agreement, Green Fox will be paid an annual RPI linked fee of £6,000 for the management of the Co-operative and its on-going operations. This will include annual fuel supply contracts, maintenance and operational liaison with the College and sustainability reporting of the woodfuel.

Green Fox – Development Services Agreement

Under a development services agreement between the Co-operative and the Green Fox Community Energy Co-operative, Green Fox will be paid an annual fee of 5% of the Co-operatives gross income for the contract term in order to support the further development of local community energy, climate change and community benefit projects. Green Fox will report annually to the Co-operative on the projects and activities undertaken.

Community Benefit Fund

The project will generate a perpetuating annual fund for the Co-operative which is to be used to support local community benefit initiatives at the school and local community. This is estimated to generate **£227,876** over the projects 20 years. It will be a function of Members to decide what projects and activities are to be supported and the application of the fund will form part of the Annual General Meeting (AGM).

Shared Surplus

In the event that the surplus generated by the project exceeds the forecast as set out in this Offer document's financial projections, after sufficient allowances have been made for Members, unplanned maintenance and the community benefit fund, these surpluses will be shared (70-30%) between John Cleveland College and the Co-operative Members.



Photograph taken by Dessy Zulkarnain,
Year 11 Student at John Cleveland College

20 Year Financial Projections

Year	1	2	3	4	5	Years 6 - 10	Final 10 Years	Whole Project
Income								
Heat sales	112,757	121,214	130,305	140,078	150,583	940,246	3,287,724	4,882,906
RHI Payments	79,837	81,833	83,879	85,976	88,125	474,796	1,144,968	2,039,415
Total Income	192,594	203,047	214,184	226,054	238,708	1,415,042	4,432,692	6,922,321
Expenditure								
Planned Service & Maintenance	10,000	10,250	10,506	10,769	11,038	78,845	224,070	355,476
Insurances	3,828	3,924	4,022	4,122	4,225	22,765	54,898	97,785
Co-operative Management, Operation and Administration	19,180	19,941	20,743	21,587	22,477	127,546	358,594	590,068
Unplanned maintenance allowance	2,500	2,500	5,000	5,000	5,000	25,000	87,500	132,500
Woodchip fuel costs	60,387	64,916	69,785	75,019	80,645	503,550	1,760,742	2,615,044
Natural gas fuel costs	9,309	10,007	10,757	11,564	12,431	77,622	271,419	403,110
Total Expenditure	105,204	111,538	120,813	128,061	135,816	835,328	2,757,223	4,193,983
Surplus								
Surplus generated by operations	87,390	91,509	93,371	97,993	102,892	579,714	1,675,469	2,728,338
Community benefit fund generated	2,185	2,288	2,334	4,900	5,145	43,479	167,545	227,876
Surplus available to members	85,205	89,221	91,037	93,093	97,747	536,235	1,507,924	2,500,462
Cashflow								
Opening cash	0	49,323	98,646	12,970	14,294	15,618	22,237	0
Member Interest Payments	35,882	39,898	41,713	43,769	48,424	289,617	1,014,686	1,513,989
Repayment of Member capital	0	0	135,000	48,000	48,000	240,000	515,473	986,473
Closing cash	49,323	98,646	12,970	14,294	15,617	22,237	0	0

Members Internal Rate of Return (IRR): **9.07%**

Members Internal Rate of Return (IRR) with EIS at 30%: **12.97%**

Independent Financial Review

An independent review of the financial projections has been undertaken by Abrahamson Foster Ltd, Chartered Accountants, and a full accountant's opinion is available on request by contacting the Co-operative.

Assumptions

The Projections are based on the following principal assumptions:

- The Co-operative raises £986,473 and installs the proposed woodfuel installation.
- In the event the offer does not reach its target, the Project will proceed as described on page 10 of the Offer Document.
- Capital costs incurred for the Project will be in accordance with estimates received.
- That heat used by the College will be in line with the estimates made. In the event that the predicted energy demand varies, the revenues of the Co-operative will be affected.
- The Co-operative is protected by a contracted minimum heat usage level to be paid for by the College. This is equivalent to 100% of the estimated heat demand set out in the Offer document for the first 2 years, with degression to no greater than 85% of the estimated annual heat consumption in years 10 to 20. In the event heat usage is below this level, the College will pay a Supplement on an annual basis equivalent to the difference between the Actual Annual Heat Use and 90% of the Estimated Annual Heat Consumption.
- In the case of a technical fault, this will be mainly covered by equipment warranties and/or insurance.
- Current expectations are that conditions relating to the global energy market, the UK forestry industry, UK government policy and the desirability for and promotion of heat from renewable sources, will remain consistent and favourable to the installation over the next 20 years, resulting in both continuing demand for heat and related environmental benefits attributed to the Woodheat Installation.
- Prices at a reasonably similar level to those currently obtainable will be achieved through the life of the Woodheat Installation. It is assumed that heating oil prices will continue to rise faster than inflation.
- Operation and maintenance costs will be incurred from the start of operations. Maintenance costs will continue to rise as the equipment gets older. It is assumed that operation and maintenance costs will rise no faster than inflation.

Any of the assumptions not being realised is likely to result in adjustments to the Projections within the Offer. Projections and assumptions such as those above are inherently less reliable over longer periods of time.

Notes on the Financial Projections

- The capital cost of the boiler installation is **£773,953** based on a detailed design quotation provided by Rural Energy dated 7th May 2013. A further contingency of **5% (£38,698)** has been added to this figure. **£12,000** is set aside to pre-pay woodfuel costs for the first two months of operation. A further **£16,500** is allocated in respect of builders work to the main Boiler House and **£50,000** for temporary boilers to maintain heat supply to the school during the installation phase. Development costs of **£91,923** in respect of professional services, costs, fees and loans from supporters for the delivery of the project plus construction insurances of **£3,399** are repayable.
- Inflation on expenditure is set at 2.5% per annum over the 20 year period to reflect RPI.
- Inflation on the RHI is set at the same 2.5% RPI rate.
- Inflation on heat sales is set at 5% above RPI (In the last ten years the average rise in heating oil values is 10.25% over inflation).
- Income is based on 100% of the estimated heat energy use of the College. Initial heat sales are valued at the rates as set by the Heat Supply Agreement.
- RHI is assumed as payable on 90% of the heat supplied. The Offer assumes the current rate set by Government of 5.3p per kWh for the first 1,315 peak load hours a year, then 2.2p per kWh thereafter, for the period 1st April 2013 to 31st March 2014. For the purpose of the offers financial projections these rates have been reduced by 5% to 5p/kWh and 2.1p/kWh respectively to reflect the possible reduction in the tariffs before the project is fully installed. Note that the RHI is guaranteed at the entry rate plus RPI for the full 20 year period.
- Depreciation of equipment is straight-line over the 20 year period.
- Members Share capital is redeemed at the rate of 14% at the end of year 3 and at 5% per annum thereafter.
- Annual Services and Maintenance costs are set at £10,000 in year one increasing over the life of the project based on quotations provided by Rural Energy. The Co-operative has made a further allowance of £2,500 in year one increasing over the life of the project for unplanned maintenance.
- The cost of woodchip is based on a recent quotation of £104/tonne based on woodchip of 35% moisture content.
- Operational insurance costs are set at £2,715 per year with Directors and Officers Liability Insurance set at £1,113 per year based on quotations provided to the Co-operative in May 2013.
- Administration costs of the Co-operative itself are set at £3,000 per year. This covers maintenance of membership database, phone, email and postal support for members, preparation of AGM papers and annual return, FCA and other regulatory fees. The Co-operative will produce annual accounts and as a small business will apply for the exemption from audit.
- On-going operational management of the Co-operative and heating systems operation is set at £6,000 per year.
- Surpluses are allocated to the community fund or distributed to Members so the projections do not predict a liability for Corporation Tax. Note that Members are likely to be liable for Income Tax on their returns from investment.
- Normal monthly cash expenditure is projected to be well covered by the monthly heat sales and quarterly RHI income. The Projections anticipate that John Cleveland College Community Woodheat Co-operative will be cash positive at the end of each year from the commencement of operations.
- Projections are based on the 20 year life of the project which is also the length of the Heat Supply Agreement and RHI payments.

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

- 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. Withdrawal of share capital is at the discretion of the Board.

Renewable energy industry risks

- Government policy towards renewable energy may change. Throughout the operation of the RHI, and current and previous similar schemes, such as Feed-in Tariffs and the Renewables Obligation, 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 RHI period, (20 years). Revenue from RHI for the Co-operative, once registered, should not be affected by any future changes to the RHI. This payment is also linked to RPI.
- The government is proposing that the degression (a staged reduction) of RHI tariffs is to come into force from 1st June 2013. There is to be a degression trigger for the RHI as a whole, as well as for individual tariffs. Once an individual tariff trigger is hit, the tariff will be reduced by 5%. If the trigger for the RHI as a whole is hit, all tariffs will be reduced by 5% and there will not be degressions for any tariffs if overall spend is less than 50% of the total RHI trigger. The financial projections set out in the Offer Document are based on a 5% reduction in the current biomass tariff in accordance with the Government's proposed reduction in tariffs.
- Any changes to the RHI that occur before the end of the share issue, above the 5% degression assumed, should they change the terms on which this Offer is made, could result in the Co-operative returning in full all funds received from prospective members at the end of the Share Offer Period.
- The government is proposing to introduce sustainability criteria for the use of bio-fuels as part of the RHI. Once in place, they will apply to all RHI installations, including those accredited before the criteria came into force. DECC hopes to lay regulations by the end of 2013, with the criteria coming into effect in April 2014. The Co-operative anticipate all fuel used at the school to be fully compliant with this criteria.
- New technology innovations and developments may render existing technologies and equipment obsolete, though such applications require long lead times and are unlikely to render existing renewable energy projects redundant.
- Changes to global energy markets could lead to lower than expected returns. The project seeks to mitigate this risk by linking heat costs to oil prices and by ultimately establishing long-term woodfuel supply contracts.
- Long-term changes to weather patterns could result in lower levels of woodfuel production. However, there is no evidence that the Co-operative is aware of, that this is occurring.
- Operational costs may rise faster than anticipated during the life of the Project. In this case returns to members could be reduced.

Risks specific to John Cleveland College Community Woodheat Co-operative

- Equipment failure due to exceptional circumstances would increase maintenance costs and this would impact on Co-operative income.
- Warranties and insurance will be in place in the event of mechanical 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. Whilst the installation will be fully insured, standard exclusions will apply including 'Acts of God'.
- The Co-operative will agree a License to Occupy with John Cleveland College for the full 20 year term of the Project. This document is in the process of being signed. Should there be an unanticipated problem which prevents the legal agreement from being signed, or if the project is no longer viable as a result of any unanticipated issues, the installation will not go ahead and all monies will be returned to prospective members.
- Project revenues may vary if in the future the heat usage profile of the College changes, although the contract sets a minimum fair usage level to protect project revenues.
- The capital costs are based on calculations carried out before this share issue. Any subsequent increase in capital costs will have to be met by monies raised in this share offer and any other sources of funding (gifts, grants and loans).
- A planning application for the woodheat installation has been submitted. However in the event that planning permission is not granted the project will not proceed and all monies will be returned to prospective Members.
- This list is not necessarily comprehensive and you should consider other risks that may impact upon the value of your investment.

management & administration

This section provides details on the Board and the running of the Co-operative.

The Board

The current board is a transitional board, for the purposes of setting up and establishing the Co-operative, running the share issue and instigating trading. Board elections from the new membership will be held at the first Annual General Meeting (AGM) in 2014. There are three founding Directors and four Board members.



Director: Alan Gledhill

Alan formerly worked as a Landscape Architect, initiating designs, and working on tendering, letting and managing of contracts and control of budgets. In 2004, he was appointed as Better Building Project Manager and Senior Environmental Consultant for the Leicester City Council with responsibility for initiation and implementation of renewable energy and low carbon policies. He managed the district heating feasibility study for the recently operational Leicester scheme and regularly negotiates low carbon outcomes in new development.



Director: Richard Halsey

Richard is a sustainability and energy consultant for a leading planning consultancy. He was born and lives in Leicestershire and is a professional Member of the Energy Institute (MEI), with over 10 years' experience advising on energy and sustainability in the public and private sectors. He has developed energy and carbon reduction strategies for over 90,000 new homes, advised on the development of innovative energy services business models and supported the delivery of a number of large low carbon and renewable heating projects.



Director: Simon Butt

Simon Butt is a Director of his own company, Run by the Sun Ltd, who design, install and service solar photovoltaic (PV) systems. He has been installing solar systems for over 20 years, well ahead of the recent growth in this sector. Run by the Sun Ltd has been involved with domestic, commercial and community PV solar projects and recently installed the PV solar system throughout the Olympic Park. Simon lives in Leicester, where he is also the treasurer of his local allotment society, and secretary of a mountain biking club.



Company Secretary: Ben Dodd

Ben has worked in the renewable energy industry for 20 years. At Environ he developed a national network of Solar Clubs, redeveloped the environmental show home the EcoHouse, and initiated the award winning community owned Braunstone Solar Streets project. In 2010, Ben started his own environmental consultancy and recently worked with Sharenergy to establish the Woolhope Woodheat Co-operative, the UK's first Renewable Heat Co-operative. Ben is currently the Development Executive for the Green Fox Community Energy Co-operative.



Board Member: Dr Andrew Reeves

Andrew is a founding member of Transition Leicester, a visiting research fellow at the Institute of Energy and Sustainable Development, De Montfort University, where he gained his PhD, and an independent consultant for community-led environmental projects. Andrew has worked as a renewable energy researcher for the Energy Saving Trust and is a professionally qualified Social Enterprise development worker.



Board Member: Judith Egan

Whilst studying for her first degree, Judith spent the long summer breaks working in the genetic departments in Toulouse, Berlin and Canada. She worked as part of research teams on mapping out domestic animal genes. Completing the science degree, Judith went on to do her medical training. She worked as a full time GP partner for 9 years between 2001 and 2010 and has spent the last 18 months following her passion for environmental and social issues, and now works as a GP at Inclusion Health Care, a social enterprise looking after the homeless in Leicester.



Board Member: Mel Badiani

Mel worked on a technology transfer project with the University of Oxford and the Radcliffe Eye Hospital after completing his MSc in Medical Imaging. The project grew from PhD theory to a commercial product with a global distribution network. He is a Director of a consultancy company with expert knowledge and experience across complex IT integration projects. He has a strong passion for environmental issues and has been involved in a series of projects within Transition Leicester, Green Fox and Footpaths.



Board Member: David Davies

David has thirty five years' experience in developing and managing community benefit organisations. He holds a Bachelor's degree in Natural Sciences and a Master's degree in Public Service Management. His early career focused on community development and adult education. He currently works for Leicestershire Probation Trust, managing a programme to support ex-offenders into environmentally and economically sustainable employment. He has a long standing interest in environmental matters and is an enthusiastic gardener and cyclist.

Development Support

Professional services in developing the John Cleveland College Community Woodheat project have been provided by our development staff:



Jon Hallé: Sharenergy Director

Jon Hallé is a founder Director of Sharenergy and has worked setting up renewable energy co-operatives for the last 10 years, including Woolhope Woodheat, the UK's first Renewable Heat Co-operative. Jon and Sharenergy have supported the development of the John Cleveland College Community Woodheat Co-operative from the outset and is providing co-operative business planning expertise to the project.

Ben Dodd: Development Executive (see previous section)

Project Development

Support and professional services in developing the project have been provided by a number of organisations.

Green Fox was established in 2012 as a non-profit, community Co-operative to stimulate and support the uptake of community energy projects in the East Midlands. The Co-operative was initiated using funding from DECC provided under the LEAF programme and following this, has supported and funded the development of the project up to this point.

Sharenergy is a co-operative which helps community groups to establish community owned renewable energy co-operatives.

Community Shares Unit is a partnership between Co-operatives UK and Locality, backed by the Department of Communities and Local Government, to offer guidance, advice, market intelligence and promote learning for community share offers. The project has a number of stakeholders from governmental, regulatory, co-operative and community sectors to oversee its activities. It aims to provide a single reference point for communities looking to develop share offers, investors seeking to understand more about the community shares market, intermediaries, practitioners and advisers offering guidance on share offers.

Current and intended shareholdings of Directors

The three Directors and four Founding Members have a current shareholding of £250 each. The Directors, Founding Members and the Company Secretary intend to take up shares from this share offer to the value of £13,000. John Cleveland College and the Student Union also intend to purchase shares. There are no stock options.

Disclosure

None of the Directors of John Cleveland College Community Woodheat Co-operative have, for at least the past three years, received any convictions (for any fraudulent offence or otherwise), or been involved in any bankruptcies, receiverships or liquidations, 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.

Remuneration

The Directors and Secretary of the John Cleveland College Community Woodheat Co-operative assume their responsibilities voluntarily without remuneration. When the installation is generating heat, each Director will be entitled to claim fees and/or expenses not exceeding £150 per year 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 of John Cleveland College Community Woodheat Co-operative.

Board Practices

Directors serve in accordance with the Rules. There are no service contracts for them or the Secretary. John Cleveland College Community Woodheat Co-operative will have no employees and the business is not dependent on key individuals. Day-to-day operations will be managed by the Co-operative under the supervision of the Board. The Board will bear ultimate responsibility to the Members.

As an Industrial and Provident Society (IPS) John Cleveland College Community Woodheat Co-operative complies with statutory requirements and the requirements of the Financial Conduct Authority. As the Shares will not be listed, John Cleveland College Community Woodheat Co-operative is not obliged to comply with The Combined Code on Corporate Governance.

Conflicts of Interests

Andrew Reeves, Alan Gledhill, Simon Butt and Richard Halsey are all founding members and directors of the Green Fox Community Energy Co-operative which has been responsible for the development and delivery of the project from its inception. Ben Dodd is contracted by Green Fox Community Energy. The directors are not aware of any other potential conflicts of interest.

Accounts

John Cleveland College Woodheat Co-operative was incorporated on 30th April 2013. Its financial year-end is 31st December. At the time of this share offer, the Co-operative's net assets are £0.

Dividend Policy

Members' Shares will attract a payment of interest annually in arrears and there is currently no policy to pay dividends (see glossary for the definition of dividends). Interest rates will vary according to financial performance.

Legal Proceedings

There have been no governmental, legal or arbitration proceedings relating to the Project or John Cleveland College Community Woodheat Co-operative and none are pending or threatened which could have a significant effect on the financial position or profitability of the Co-operative.

Rules of the Co-operative

Industrial and Provident Societies, such as John Cleveland College Community Woodheat Co-operative, are governed by Rules approved by the Financial Conduct Authority (not by Memorandum and Articles of Association). A copy of the Rules is available from the Co-operative (see contact details on back page of this Offer).

Further information

Other documents mentioned in this Offer are available from the Co-operative (see contact details on back page of this Offer).

General information sourced from third parties in this Offer Document has to the best of the Board's and Directors' knowledge, been accurately reproduced and 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:

- John Cleveland College Community Woodheat Co-operative and its Members are able to make a contribution to promoting renewable energy and reducing the negative effects of reliance on non-renewable energy sources and their effects on Climate Change.
- Two woodchip boilers and associated equipment can be purchased and installed at John Cleveland College
- Members may benefit from the Co-operative's activities

Offer Shares

£986,473 (Nine hundred and eighty-six thousand, four hundred and seventy three) ordinary Shares of £1 are offered at par and payable in full on acceptance of an application on the Terms and Conditions of this Offer Document. The Shares, which will not be traded on any stock exchange, have been created under the Industrial & Provident Societies Act 1965.

Successful applicants will receive share certificates and their details and holdings will be recorded in a share register to be kept by Sharenergy, on behalf of the Co-operative, at The Pump House, Coton Hill, Shrewsbury SY1 2DP. Each person or organisation issued with Shares becomes a Member of the Co-operative, 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 a proportionate annual interest payment as a return on the investment in shares (subject to available surpluses)
- The right to the return of the original investment at the end of the life of the project, or at stages as determined by the Directors and subject to available surplus assets and any new business of the Co-operative
- As a Member, eligibility for election to the Board



Interest payment/dividend rights

Interest will be paid on the balance of each Member's account at rates which will reflect annual financial performance. (Each Share carries a right to an equal part in any declared dividend, although it is not the intention to declare dividends in addition to annual interest payments). The date on which entitlement to interest (or any dividend) arises will be announced each year. It is envisaged that any interest (or dividend) unclaimed for a period of 7 years will be cancelled for the benefit of all Members. There are no restrictions on interest and dividend payments and no special procedures have been established for non-resident holders.

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 or Installations come to the end of their life, Members may choose to liquidate the Co-operative, in which case assets will be realised and the net proceeds applied in repaying Members' share capital. Any surplus will be paid to Members pro-rata in accordance with the number of Shares then in issue.

Redemption provisions

Redemption of Shares may take place in accordance with the Rules. Members do not have the right to withdraw share capital but the Board of the Co-operative has the power to permit Shares in the Co-operative to be withdrawn by agreement between the Board and the Member. Members can apply for withdrawal of share capital after the third year of operation. In addition, the Board has the power to return capital to Members 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 Members will be responsible for declaring this income on their tax returns.

Provisions on death of a Member

In accordance with the Co-operative rule 22, on the decease of a member of the Co-operative, their shares can be transferred to their personal representative, who can keep them, apply for withdrawal of the share capital or transfer them to any other person who qualifies to be a member of the Co-operative.



terms & conditions

Eligibility

The Offer is open to anyone over 16 years of age who meets the membership requirements of the Rules.

Minimum and maximum holdings

The minimum number of Shares which can be applied for is 250 and the maximum (save for other Industrial and Provident Societies) is 20,000.

Application procedure

- Anyone interested in responding to this Offer is strongly advised to take appropriate independent financial and other advice.
- Shares shall be applied for either by:
 - o Using the Application Form provided in this Offer document and following the Guidance Notes or
 - o Registering and applying online at: www.greenfoxcommunityenergy.coop or www.microgenius.org.uk
- Either, by submitting an Application online or by post, 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 John Cleveland College Community Woodheat Co-operative and to be bound by its Rules.
- Once an application has been made it cannot be withdrawn.
- Multiple subscriptions will be admitted providing that they do not result in a Member (other than an Industrial and Provident Society) holding more than the statutory limit of 20,000 Shares.

The Offer timetable

The Offer will remain open for a period of 12 weeks from 11th June 2013. The Board expects the following timetable to apply, although if the Offer Period is extended, other timings will extend correspondingly.

2013	
11th June	Offer Period begins
3rd September	Offer Period ends (unless extended)
September	Offer results published Placement of Orders for equipment commences
October	Share certificates posted
November	Installation and commissioning of first boilers
2014	
February	Heating systems commissioned
June	Annual General Meeting

The Directors reserve the right to extend the Offer Period at their discretion (although the current intention is that the Offer Period will not be extended for more than 12 weeks).

If the Offer is unsuccessful or oversubscribed

If a sum less than the Offer total is raised, subject to the aforementioned alternative and proportionate finance arrangements being concluded, application monies will be returned to Applicants as soon as is practicable. None of John Cleveland College Community Woodheat Co-operative, nor its Directors or advisors will be responsible for loss suffered by Applicants through loss of interest, bank charges or any other cause as a result of this provision. If the Offer reaches its target early, or is oversubscribed, it may conclude before the 12 week offer period. The installation contract and works may be brought forward as a consequence of early closure of the Offer.

Commitments and confirmations by Applicants

Each applicant, on submitting an Application Form, confirms that he/she/it:

- Meets the eligibility criteria.
- Is not (unless an Industrial and Provident Society) making multiple applications for a total of more than 20,000 Shares of the limit at that time applying in UK law.
- Is not relying on any information or representation in relation to the Offer Shares, John Cleveland College Community Woodheat Co-operative, or the Woodheat Installation which is not included in this Offer Document.
- Shall provide all additional information and documentation requested by John Cleveland College Community Woodheat Co-operative in connection with their application, including in connection with taxation, money laundering or other regulations.

Any person signing an Application Form on behalf of another person undertakes that they are authorised to do so.

Procedures on receipt by John Cleveland College Woodheat Co-operative 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 by crossed cheque, payable to the Applicant, to the postal address on the Application Form no later than one month after the end of the Offer Period (as extended).
- 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 Co-operative 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 website and by press release within one month after the Offer has 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 principle that priority will be given to Applications from those living closest to John Cleveland College, by postcode. Please see pages 5 and 20.
- Share certificates will be issued to successful Applicants within two months after the end of the Offer Period.

Pricing, trading and dealing arrangements

The Board has resolved to offer Shares at their par value of £1. As the Co-operative intends paying interest on Members' shares each year from 2013, such that retained surpluses will not accumulate, the underlying asset value of each Share is likely to remain at £1 and any Share redemption will take place at par.

Offer Costs

Offer costs will be met by Green Fox and will be repayable by the Co-operative on completion of a fully subscribed share issue, for the purpose of reinvesting in similar projects. This is included in the share capital being raised.

Governing Law

This Offer Document and the Terms and Conditions of the Offer are subject to English law.



Photograph taken by Leia Hucker,
Year 11 student at John Cleveland College.

guidance notes

Applying for Shares

The Offer is open to individuals, Industrial and Provident Societies and other organisations. It is possible to purchase Shares in John Cleveland College Community Woodheat Co-operative by completing the Application Form or by investing online at www.microgenius.org.uk

Before applying you should consider taking appropriate financial and other advice, particularly in relation to any aspect of the Offer Document which is not clear to you. Your 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, because by completing the Application Form you will make an irrevocable offer which may be accepted by John Cleveland College Community Woodheat Co-operative.
- The Rules of John Cleveland College Community Woodheat Co-operative, because in buying Offer Shares you will become a Member of the Co-operative and will be bound by those Rules.

Amount to invest

The price of each share is £1. You should decide how many shares you want to buy and put that number in the box. The minimum number is 250. The maximum is currently set at 20,000 (unless the body applying for membership is an Industrial and Provident Society). 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.

Personal details

You may apply as an individual, or as long as you are properly authorised, on behalf of an Industrial and Provident Society or other organisation.

In accordance with our Rules, persons under 16 years of age cannot become Members. If you wish to invest as a trustee or nominee on behalf of a child you may need to take advice on any tax implications, and please note that the maximum investment of £20,000 includes any shares purchased as a nominee for a child. Shares issued in these circumstances could be transferred to a child when he or she becomes 16 and the Board will endeavour to assist with that intention when confirmed at a later date. If you do wish to take the shares as a nominee or trustee of a child, please indicate that intention as shown on the Application Form.

Priority Application

The number of Offer Shares you apply for will not necessarily be the number of Shares you will receive. If the Offer is oversubscribed your application may be scaled down, or even rejected in its entirety. All applications are welcome, but in the event that the Offer is oversubscribed, the Directors will endeavour to give priority to those living closest to the Site.

Declaration

In signing the Application Form, as an individual, you are personally making an irrevocable offer to enter into a contract with John Cleveland College Community Woodheat Co-operative. If you are signing on behalf of an organisation or on behalf of another individual you are personally representing, that this is in accordance with due explicit authorisation.

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 co-operative. 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. You should note that if the Offer is unsuccessful, it will become necessary to return money to investors.

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'. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your application may be rejected without further communication.

applying online

It's simple and straightforward to apply for shares online via the Microgenius community shares platform.

www.microgenius.org.uk or through www.greenfoxcommunityenergy.coop

How do I buy shares online?

Microgenius offers an easy, secure electronic way of buying community shares, and keeping track of them.

Simply log on to the website and select the John Cleveland College Community Woodheat Co-operative project and enter the amount of money in the £ box and click on the 'Buy shares' button subject to a minimum shareholding of £250.

Payment is taken via direct debit when the share offer closes successfully. You will need to register with Microgenius before you can complete the purchase. Please make sure you fill out both private and public profiles, so your share certificate can be issued. Your private profile cannot be seen publicly on the website.

You must be a minimum age of 18 to purchase shares on-line.

How do I pay?

Microgenius uses GoCardless, a low-cost direct debit service. Simply enter your bank details into their secure service when prompted at the checkout and GoCardless takes care of the rest. GoCardless accesses the direct debit network through its sponsor, the Royal Bank of Scotland and is registered as a Small Payments Institution with the Financial Conduct Authority.

Are there any additional transaction costs for buying shares online?

Yes, the maximum fee is £2 per transaction (even if you bought 20,000 shares). The exact amount will be made clear on the payment screen before you commit to buying.

Can I get a refund?

If the minimum number of shares is not sold, no money will be debited at all. Once the share offer has closed there is a 7-day cooling off period in case you change your mind. After that time the direct debit will be activated.



application form

John Cleveland College Community Woodheat Co-operative Ltd Share Issue, 2013

Important: before completing this Application Form you must:

- Read the accompanying Share Offer Document
- Pay special attention to the Risk Factors set out in this Offer Document
- Consider whether you need to take financial advice or other advice in relation to the Terms and Conditions of the Offer contained in the Offer Document
- Read the Rules of John Cleveland College Community Woodheat Co-operative available on the project website at www.greenfoxcommunityenergy.coop or from the Co-operative (contact details on back of this Offer)

PLEASE USE CAPITALS AND BLACK INK AND COMPLETE BOTH PAGES OF THE APPLICATION FORM

Amount to invest

I wish/my organisation wishes to invest a total amount of £ in John Cleveland College Community Woodheat Co-operative on the Terms and Conditions of the Offer Document at the price of £1.00 per Share. (You may invest not less than £250 and (except for Industrial and Provident Societies) currently not more than £20,000).

Enterprise Investment Scheme

Please tick if you intend to claim EIS tax relief ☐

Individual Applicant details

Title (Mr/Mrs/Ms/other):

Forenames:

Surname:

Address:

Post code:

Day-time Telephone:

Email:

Please provide your email address if possible to keep costs of administrating the Co-operative to a minimum.

Date of Birth:

Bank Account Number:

(If you wish your interest to be paid by transfer.)

Sort Code:

If Applicant is nominee for a child (noting any tax implications)

Child's name:

Child's date of birth:

Child's address (if different from above):

Post code:

If the Application is an organisation

Organisation name:

Organisation address:

Type of organisation:

Registration number:

Name of authorised signatory signing this application:

Position of authorised signatory:

Please continue to sign the Declaration overleaf





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 John Cleveland College Community Woodheat Co-operative forms a contract subject to English 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.
- If insufficient funds are raised by the Offer, Application Monies will be returned.

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 Co-operative.
- I am over 16 and the Applicant meets the Offer eligibility criteria.
- John Cleveland College Community Woodheat Co-operative is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application.
- The Applicant is not (unless an Industrial and Provident Society) making an application or multiple applications for a total of more than 20,000 Shares.
- The Applicant is not relying on any information or representation in relation to the Offer Shares, John Cleveland College Community Woodheat Co-operative which is not included in the Offer Document.
- The Applicant shall provide all additional information and documentation requested by John Cleveland College Community Woodheat Co-operative 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 the 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:

Payment

Please attach a single cheque or banker's draft for the amount shown above, payable to John Cleveland College Community Woodheat Co-operative Limited and crossed A/C Payee. Send your completed Application Form and payment to:

John Cleveland College Community Woodheat Co-operative Limited, c/o Sharenergy, The Pump House, Coton Hill, Shrewsbury SY1 2DP.

We would be grateful if you would inform us how you first heard of this Share Offer:

This application form can be photocopied and additional application forms are available. For all enquiries use the contact details on the back of this Offer document.

We hope you will join us in being part of the John Cleveland College Community Woodheat Co-operative.

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 John Cleveland College Community Woodheat Co-operative.

Climate Change

The phrase widely used to describe changing weather patterns as a direct result of global warming, including an increase in the incidence and intensity of storms and droughts.

CO₂

Carbon dioxide, a natural gas emitted during the burning of fossil fuels and regarded as the main cause of global warming.

Directors

The Directors of John Cleveland College Community Woodheat Co-operative.

Dividend

(in a Co-operative society) is a discretionary allocation of surplus paid to members, based on the members' transactions with the co-operative and not on the amount of capital invested.

FCA

The Financial Conduct Authority, formally the Financial Services Authority (FSA).

Green Fox

Green Fox Community Energy Co-operative Limited. An Industrial and Provident Society (registered no. 31564R) Registered at 11 Cooden Avenue, Leicester LE3 0JS.

HSA

Heat Supply Agreement for the sale of heat by the Co-operative to the College.

Internal Rate of Return (IRR)

A way of representing investment returns that also reflects the time value of money; the discount rate at which the net present value of returns equals the net present value of investments.

John Cleveland College Community Woodfuel Co-operative

John Cleveland College Community Woodheat Co-operative Ltd. An Industrial and Provident Society (registration number 32054R) Registered at: 179 Knighton Road, Leicester LE2 3TS.

John Cleveland College Community Woodheat Co-operative Shares

Ordinary shares of £1 in John Cleveland College Community Woodheat Co-operative.

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.

Offer

The Offer of Shares in John Cleveland College Community Woodheat Co-operative contained in this Offer Document.

Offer Costs

The expenses incurred by or on behalf of John Cleveland College Community Woodheat Co-operative 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 John Cleveland College Community Woodheat Co-operative, offered at par on the Terms and Conditions and payable in full on application.

Project

The proposed business activities of John Cleveland College Woodheat Co-operative.

Projections

The financial projections for John Cleveland College Community Woodheat Co-operative set out in this document.

RHI (Renewable Heat Incentive)

Incentive for renewable heat generation introduced by HM Government in November 2011.

Rules

The Rules of John Cleveland College Community Woodheat Co-operative, available on demand by using the contact details set out on the back of this Offer document.

Shareenergy

Shareenergy Co-operative Limited. An Industrial and Provident Society (registered no. 31237R) Registered at The Pump House, Coton Hill, Shrewsbury SY1 2DP.

Site

The location of the proposed woodheat installation.

Terms and Conditions

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

The Woodheat Installation

in this Offer Document refers to the Woodchip Boilers, civil works and ancillary equipment of the Project.

John Cleveland College Community Co-operative Limited is an Industrial and Provident Society registered with the UK Financial Conduct Authority No. 32054R on 30th April 2013.
John Cleveland College Community Co-operative registered office: 179 Knighton Road, Leicester LE2 3TS.

For enquiries about purchasing shares please call

Jennie Dobb at Shareenergy on (01743) 277119

Or email

admin@shareenergy.coop

For general enquiries about the project please call

Ben Dodd at Green Fox Community Energy Co-operative on (01530) 273312

Or email

info@greenfoxcommunityenergy.coop

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John Cleveland College

