

# Community Share Offer

*Would you like to make some money, and do some good for the community and the environment in Grimsby and Cleethorpes?*

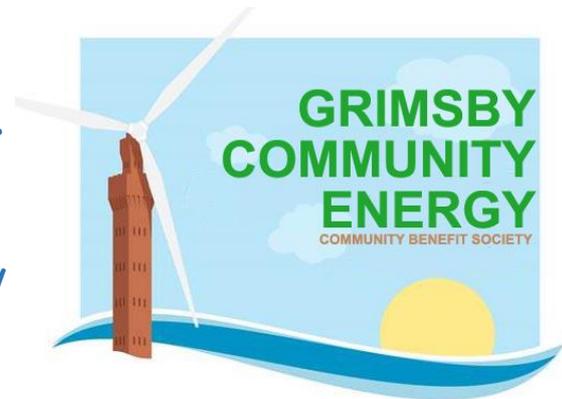


Photo credit – CDL

*2.25% target interest rate on your investment (from £100 to £13,000)*

*Better than the bank – and you can see your investments sparkling on the roofs about Town.*



**COMMUNITY SHARE OFFER**  
Opening date: 3 Nov 2020

Closing date: 20 Dec 2020  
Target raise: £62,000

**Capital-at-risk:** By purchasing community shares issued by GCE you may lose some or all of the money you invest. Investors are not protected by the Financial Services Compensation Scheme (as you would be with a savings account), and do not have recourse to the Financial Ombudsman Service



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# 1 Letter from Directors of Grimsby Community Energy.

Our aim is to provide renewable energy for local organisations. Through this share offer we aim to buy and install 94kW at YMCA Humber building which is under construction at the time of writing. This is illustrated in Figure 1. We have an undertaking from YMCA to work together on this project.

## Why?

- We want to cut the energy bills of local community organisations so they can spend more money on their important work.
- We want to cut carbon dioxide emissions to do our bit locally to fight climate change.
- Renewable energy is now part of our local culture – the offshore wind industry has blown new life into Grimsby Docks.

Grimsby Community Energy was set up by a diverse group of people who believe in this vision. Our story is shown on the timeline below. We now propose to expand our operations with solar panels on the new YMCA Humber building on Freeman Street, Grimsby.

To do this, we need supportive people and institutions to invest. With a larger operation, we can make a greater impact and community benefit.

We have been supported in the development of our share offer through the Booster Programme, which is funded by Power to Change and run by Cooperatives UK. They have offered (conditionally) to Member investment in the current share offer £ for £ up to £31,000 – making it so much more likely we will reach our target.

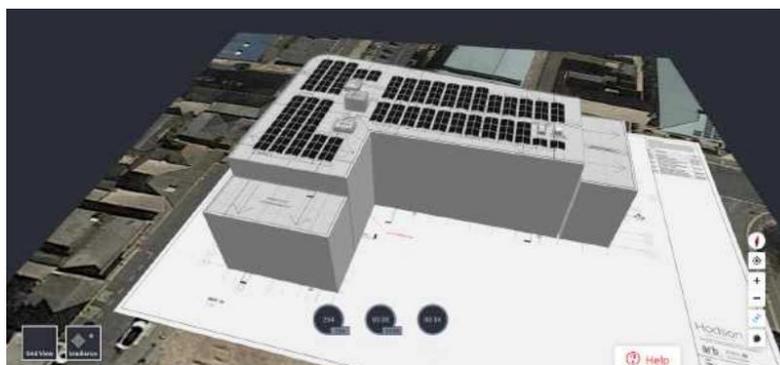
**We can only grow if you or your organisation allow us to put your money to work.**

**Please join us by becoming a member today. To do so, read and consider the document and if it is suitable for you, complete the Application Form at the back.**

Thank you.

*Grimsby Community Energy Directors*

(Grimsby Community Energy accepts responsibility for the information contained in this document. To the best of the knowledge of the directors the information contained in this document is in accordance with the facts and contains no omission likely to affect its substance.)



*Figure 1 - Installer's digital model of the panels on the roof of the YMCA Humber building.*

## 2 A word to existing Members

Thanks for supporting our journey by becoming Members in the share offer in 2016 or 2017. Obviously, we could not have got here without you.

### **This share offer does not affect your existing shareholding.**

The Board have taken advice from Co-Operatives UK through the Booster Fund programme on the pros and cons of having two different share classes with different interest rates and made the decision to do so. We also consulted with you by email, more than half replied and a clear majority wanted to proceed with a project with a new share class.

### **We wanted to honour the 4% target interest rate offered in previous share offers.**

For clarity, from now on we will refer to 2017 Shares (which includes 2016 too) and 2020 Shares. Now we are on a steady footing after paying off our start up loan, and holding on to our reserves (as approved by the AGMs) for future projects, we hope to get back to the original plan of paying 4% interest per year from the next AGM in early 2021 (See Figure 3.) The Investment Plan contains different schedules for capital and interest for the two share classes.

### **We would be thrilled if you chose to invest in 2020 shares, or helped spread the word to new investors.**

Can you help us spread the word? Post-launch, check your emails and social media for material to share, plus all information on the website.

## 3 What is Grimsby Community Energy about?

### Quotes from our customers / partners.

**e-Factor:** “As the first installation carried out by Grimsby Community Energy and supported by E-Factor Group Ltd we can say that apart from a few minor issues the system has performed well and that the team and Vicky Dunn in particular, have always been responsive and effective to deal with. We are keen supporters of the clean energy drive and are pleased that Grimsby Community Energy have helped us reduce our costs and our carbon footprint and it is good to see them continue to thrive and grow”

**St Andrews Hospice:** “We collaborated with Grimsby Community Energy in 2016 when we used one of our retail shop roofs to install solar PV, enabling us to benefit by reducing the operating costs of the unit. We are pleased to have played our part not only in energy conservation but also benefitting from the valuable savings.”

**Quote from YMCA:** “YMCA Humber have approved the partnership with Grimsby Community Energy, wish them every success with the share offer raise for the funding required, and look forward to working together on our Freeman Street development.”

**The Enrolled Freemen of Grimsby:** “The Freemen were delighted to be able to work in partnership with GCE on some of their pilot schemes in the Freemen Street area, schemes which brought environmental and community benefits and financial savings to our tenants. We would have no hesitation in recommending an investment in this latest project.”

# Our Track Record

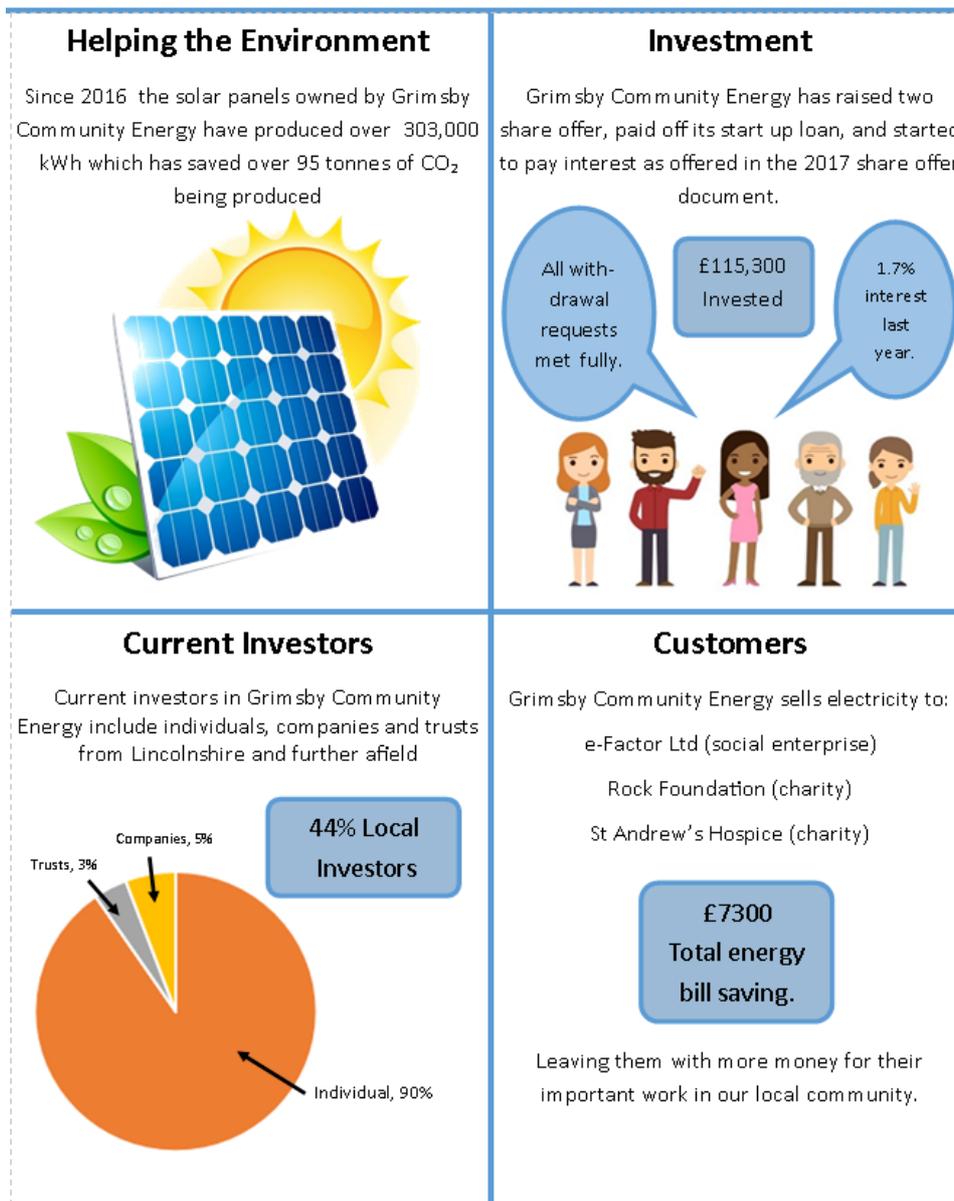


Figure 2 - Track record and prize certificate

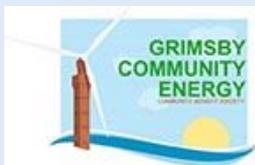


In 2017 we won a prize for our first round of projects.

The judges said:

*"There was great input here from a big chunk of the community, working with schools, businesses and volunteers. The initiative is building on the town of Grimsby's green credentials. It is commendable what the volunteers and everyone involved in the project have been doing"*

## 4 Important information



Grimsby Community Energy Ltd (GCE) is a Community Benefit Society, registered with the Financial Conduct Authority (No 7536) under the Co-operative and Community Benefit Societies Act 2014. Registered office: The Hub, Freeman St. Market, Nelson St. Grimsby. DN32 7DS. Registered for VAT No. 248968993.

The way the Society is run is described in our Rules (see website.) The Society has an “Asset Lock” which means it cannot sell our assets and distribute the profit to Members, and if we close down, we must pass our remaining assets to another asset locked community organisation.



The Community Shares Standard Mark is awarded by the Community Shares Unit to offers that meet national standards of good practice. These standards ensure that:

- The offer document and application form are easy to understand
- You are provided with all the facts you need to make an informed decision
- The facts are supported by the annual accounts and/or business plan for the society
- Nothing in the documents is purposefully incorrect, confusing or misleading

For more information about community shares, the Community Shares Standard Mark and the Community Shares Unit go to: [communityshares.org.uk](http://communityshares.org.uk)

### **Prospective Investors should study this document carefully**

This invitation to subscribe for community shares in GCE is not regulated by the Financial Services and Markets Act 2000 or subsidiary regulations, to the extent that it is taking deposits by issuing withdrawable shares. Therefore, the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

Our shares are not “controlled investments” for the purposes of the Financial Services and Markets Act 2000. You do not therefore have the level of protection that you might otherwise be offered by the Act. In particular, this document does not need approval (and has not been approved) by an “approved person” under the Financial Services and Markets Act 2000.

This document is not regulated by the Prospectus Rules. These do not apply because there is a specific exemption for Community Benefit Societies that conduct their business for the benefit of the community.

**You should buy shares only with money you can afford to have tied up, without interest, and without capital appreciation, for several years or longer and with money that you are prepared to lose. Should GCE get into difficulty, you may be unable to withdraw, or could lose some or all of your money.**

## Documents

The Rules of GCE, GCE's Investment Plan, and latest financial statements are available on the GCE website [www.grimsbycommunityenergy.org](http://www.grimsbycommunityenergy.org).

Applications can be made by completing the form at the end of this document and then following the instructions given.

## Contact Details

[www.grimsbycommunityenergy.org](http://www.grimsbycommunityenergy.org)

[info@grimsbycommunityenergy.org](mailto:info@grimsbycommunityenergy.org)

Facebook: @GrimsbyCommunityEnergy

Phone: 07932 086539

## 5 Share Offer summary and key offer terms

### Offer for subscription

An offer of up to 62000 Community Shares in the Society each with a nominal value of £1.

Minimum target to be raised	£40,000
Maximum target to be raised	£62,000
Minimum investment	£100
Maximum investment	£13,000 (any existing investment counts towards this total. Institutions may be able to invest more, please ask for details.)
Target interest rate paid annually	2.25% from 2023 onwards.

### Share Offer (including Standard Mark accreditation) approved by Board on 28 October 2020.

Offer opened	3 November 2020
Offer closes	20 December 2020 or whenever £62,000 is subscribed, whichever is sooner. The Board reserves the right to extend the Closing Date.
Investment type	Withdrawable community shares. These cannot be sold, traded or transferred between Members, unlike the 'transferable' shares typical of a limited company, and only Grimsby Community Energy Limited can repay them at the same value at which they were invested.
Interest payment date	Paid annually after the end of the 2023 financial year, subject to available funds. Thus, spring 2024.
Payment of share interest	GCE's current policy is to pay share interest to Members by bank transfer.
Interest calculation	Our financial year runs 1 Jan-31 Dec. Interest is calculated on the balance held at the end of the financial year, and the proposal to pay put to Members at the AGM a few months after, with payment after that.
Voting	Membership of the Society is afforded to holders of community shares. GCE operates on a one member, one vote principle regardless of the size of the member's shareholding.
Shareholders	The offer is open to individuals over the age of 16, trust funds and corporate entities.
Withdrawal of shares	GCE's policy is that all shares locked in until 1 January 2023. From then, the withdrawal of funds is then subject to 3 months' notice after a request is made. The Directors reserve the right to suspend withdrawals, should there be insufficient funds to make repayments.

<b>Repayment of shares</b>	GCE's directors can also repay shares to Members (on a pro rata basis to all) should this be necessary. A schedule for repayments is given in Section 12.1
<b>Tax advice</b>	You should seek advice from a financial adviser or accountant on tax matters, as appropriate. Under current legislation interest on community shares is paid at a gross rate.

## 6 Social impact and our community

### 6.1 Supporting YMCA Humber and our existing customers.

If this share offer is successful, the solar panel installation on the YMCA Humber building will save several thousand pounds per year for this organisation. This releases funds for their core activity “transforming communities so that all young people can belong, contribute and thrive.”

We have made £7,300 bill savings for our existing customers to date – money they can spend on their front-line work. See Figure 2 - Track record and prize certificate.

### 6.2 Inspiring ordinary people

Local investors can see their solar panels glinting in the sun as they pass by, more distant investors will have to check our social media accounts. They can see where their investment is, and what it doing, and how it benefits local organisations. In the words of 2017 Share Offer investors:

<p><b>James P. from Louth</b></p>  <p><i>“Grimsby Community Energy is an important ground breaking initiative that I'm delighted to support. We must rapidly increase investment in locally generated renewable energy and GCE is leading the way!”</i></p>	<p><b>Carol T. from Barton</b></p>  <p><i>“Investing in a local company makes me feel I'm putting back into the local economy and supporting local people. We're all in this together!”</i></p>
<p><b>Vicky H. from Grimsby</b></p>  <p><i>“I'm proud to be an investor in this local company that provides sustainable energy to local businesses.”</i></p>	<p><b>Ken B. from Durham</b></p>  <p><i>“I've never participated in an Annual General Meeting before. Very interesting to get involved – albeit over the internet!”</i></p>



## 7 Track record: Two Community Share Offers, prudent management



### 7.1 Membership numbers

Figure 3 shows how GCE has grown its membership and investor base over the last four financial periods. We expect to gain 30 to 50 new Members through this share offer (based on our previous experience of an average of £1000 investment.)

Membership levels	Financial year ending			
	31.12.19	31.5.19	31.5.18	31.5.17
Number of members at the beginning of the year	53	53	24	0
Number of members joining	0	1	29	24
Number of members leaving	1	1	0	0
Number of members at the end of the year	52	53	53	24

Figure 3 - Membership Levels. Note: GCE changed its financial year end date in 2019 to 31 December 2019, resulting in a seven-month period.

#### Notes:

- Members joined us in our first and second share offers through 2016 and 2017.
- Very few Members have left the Society.
- Half of our investors are local to Lincolnshire; others span the UK.
- Two of the local businesses which have invested are public supporters: Liz Drury Voice Overs, and Professional Energy Management Ltd. We are very happy to admit more business Members and publicly acknowledge their support.



- Of our Trust investors, one is Co-operatives UK, via the Power to Change Booster Fund programme. The other is the Naturesave Trust.
- Average (median) shareholding is £1,100. A few Members hold the minimum of £100, and a few approach the maximum of £13k.

## 7.2 Share capital invested

Figure 4 shows the share capital raised from, and withdrawn by, members over the last four years from our starting up.

Share capital	Financial year ending			
	31.12.19	31.5.19	31.5.18	31.5.17
Opening balance of share capital	115,050	115,300	44,100	37,300
New share capital added during year	0	0	71,200	6,800
Share capital withdrawn during year	4,517	250	0	0
Closing balance of share capital	110,533	115,050	115,300	44,100

Figure 4 - Share Capital – data from our annual reports

### Notes:

- Community share capital of c. £37k was raised in the first share offer in 2016, and £78k in the second offer in which is shown over two financial periods. This enabled us to pay off our start-up loan.
- The 2017 share offer had the Community Shares Standard Mark and benefitted from £ for £ match of investment by Power to Change Trust through Co-ops UK.
- We the past 4 years the society has been able to provide liquidity with 100% of shareholder requests for withdrawal of share capital being honoured.
- In 2021 we plan to return £10,000 of share capital to 2017 Members, after we have used it to cashflow the VAT on this project (see Cashflow in Investment Plan.)

## 8 How we plan to make this share offer a success

Our fundraising activities will include:

- Staging a public share offer launch – online.
- Asking our existing Members to spread the word.
- Creating a short video for social media.
- Running a social media campaign on LinkedIn and Facebook.
- GCE’s Directors contacting their networks, and reaching out to local councillors, business leaders, people of influence and activists to help promote the share offer.
- Organisations and networks to engage include: the Lincolnshire Chamber of Commerce, Lincolnshire Community Foundation, Transition Town groups across the county, the Lincoln Climate Commission, the Greater Lincolnshire LEP, e-Factor Business Hive, and the Grimsby Renewables Partnership.
- GCE’s advisors contacting larger potential investors including Trusts & Foundations, and socially minded private investors (through their wealth managers and IFAs.)
- Putting up posters in the local area and workplaces.
- Distributing press releases to the local press; and particularly seeking radio and TV coverage.
- Face to face promotion and attendance at events is unlikely during the ongoing Covid-19 situation.

## 9 Board, management and operations

### 9.1 Board of Directors

Our Board is made up of local people from Grimsby, Cleethorpes, Belchford and Lincoln. We recruit from our Members and the local area. Members and supporters are invited to participate in our AGM. We encourage members to get in touch with us at any time to discuss any thoughts, ideas or concerns they may have, via email, telephone or social media.

The Board of Directors of GCE meets at least quarterly each year to review key risks to the business and to make strategic decisions. They are not paid. Directors raise any conflicts of interest they may have, and remove themselves from discussions and or decisions as appropriate.

#### Grimsby Community Energy Board of Directors.



Prof Nigel Curry  
Joined Board: 2018

Nigel is a Visiting Professor at the University of Lincoln, with a particular interest in zero carbon. He is a Lincoln Climate Commissioner, Co-chair of the Lincolnshire Food Partnership, a Director of Lincolnshire YMCA/Community Lincs and a member of the Greater Lincolnshire Local Enterprise Partnership ESIF Committee.

Current chair.

Leads on the Feeding Tariff and other bids. Vision and partnerships.



Richard Bellamy  
Joined Board: 2016

Trustee of Enrolled Freeman, prime mover of the 200 kW solar PV installed on the Freeman St. Market – which is now ten years old and has been a great financial and energy saving success.

Involved with the plans for regeneration of the 22 acre site around the Freeman St. Market, and drawing together a range of specialists to consider energy sharing between the proposed community, retail and residential buildings.

Richard is one of the founding Members of GCE, delivering the Phase 1 sites in 2016-17 through two share offers.

Richard sparked our Phase 1 project through his links to the Enrolled Freeman, on whose properties two of our solar PV systems are.

 <p><u>Dr Geeta Lakshmi</u> <u>Joined Board: 2020</u></p>	<p>Dr Geeta Lakshmi is an Associate Professor at the Lincoln International Business School in the University of Lincoln. She helped set up Sustainable Hockerton, a community energy company and has remained actively involved first as the Chairman of the Parish and more recently as a Director at Sustainable Hockerton. She has experience of over 36 years of teaching, practice and consultancy at Undergraduate, Postgraduate and doctoral level and has been involved in public engagement and blogs on Sustainable Finance and the economy.</p>	<p>Geeta has joined the Board very recently, and has already started to apply her experience and expertise.</p>
 <p><u>Adam Lewis</u> <u>Joined Board: 2017</u></p>	<p>Adam Lewis has a 20 year career in the GB electricity industry and is currently the commercial manager at VPI Immingham, one of Europe's largest Combined Heat &amp; Power (CHP) plants. He has a business economics degree from Anglia Ruskin university and an MBA from Warwick Business School.</p>	<p>Adam keeps the Board on track, and reviews and challenges operational decisions and keeps an eye on our key performance indicators.</p> <p>Ensures good governance, and collective decision making within the Board.</p>
 <p><u>Roy Horobin</u> <u>Joined Board: 2020</u></p>	<p>Roy is a teacher and an active community campaigner. He is committed to the benefits of green energy and the co-operative business model. He is keen to see Grimsby Community Energy grow and reach an even more diverse group of investors.</p>	<p>Roy is fairly new to the Board, with a focus on communications and diversity.</p>
<p><u>Peter Hughes</u> <u>Joined Board: 2020</u></p>	<p>Peter brings a wealth of experience from his involvement in the set-up and running of Belchford Community Solar Co-operative. Belchford sits in the beautiful Lincolnshire Wolds.</p>	<p>Peter is fairly new to the Board, with a particular focus on financial and operational matters.</p>



Dr Vicky Dunn  
Joined Board: 2016

Vicky is a Chartered Environmentalist and has worked in energy and environmental roles throughout her 20yr career. She acts as the Secretary of Grimsby Community Energy and manages day to day running of the business.

Vicky is a founding Member of GCE. She has spent at least 5 hours per week managing operations since 2016. Committed to continue this to maintain and grow GCE.

## 9.2 Our existing and proposed sites for solar panel installations

Figure 5 shows the locations, plus the iconic landmark the Dock Tower, which features on our logo, and the Freeman Street Market which is mentioned in our future plans (Section 9). The image of the YMCA Humber building is from August 2020.



Figure 5 - Location of GCE's solar panels, data from Google Maps

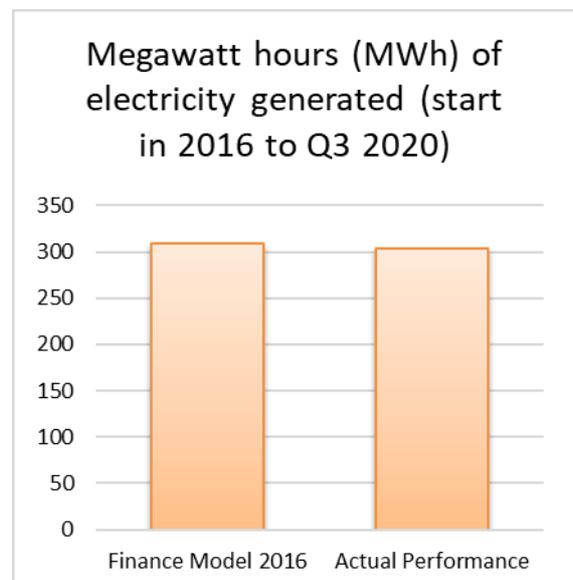
### 9.3 Management and Operations

Director Vicky Dunn works around 5 hours per week as a volunteer to manage the Society. Reports and requests for decisions are passed to the rest of the Board as required. They pick up the various specialised activities described in the Directors section above. She manages our self-employed business support contractor Scudamore Bookkeeping. He works variable hours as required.

They are writing an Operations Manual, so that the procedures to run the Society are readily available to any director, contractor or volunteer who was selected to assist our operations in the coming years.

<p><b>Robert Scudamore:</b></p>  <p>Scudamore.bookkeeping@outlook.com</p>	<p>“Providing bookkeeping and administrative services to small businesses and community organisations.</p> <p>Working alongside partners to provide support with their financial documents and administrative needs.”</p>	<p>Contracted to work to our company calendar, Rob takes meter readings, prepares bills, maintains the cashbook, submits VAT returns, and supports Vicky Dunn in other day to day running tasks.</p>
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Performance of our solar panels is monitored via an online portal, with visits to check on the meters. Performance to date is exactly as expected.



### 9.4 Division of operations between the First phase and the 2020 project

Figure 3 summarises which projects correspond to which share class. Moving to two different share classes will require more complex accounting systems which we are getting quotes for at present. This will set us up well for our future ambitions to use grant and community share capital for different projects.



Figure 6 - GCE operations

## 10 Development strategy after this project

### 10.1 The Feeding Tariff – helping local food projects

The name comes from the “Feed in Tariff” – the subsidy which allowed the solar industry to grow, and was closed in 2019. It links the benefit of our solar generation to the food projects we would like to support (see side bar.) We will work with our partner organisation Greater Grimsby Community Power CIC to manage the Feeding Tariff.

We are seeking grant funding or investments by organisations – interested parties are invited to get in touch. The Feed in Tariff can help Lincolnshire authorities achieve low carbon outcomes, by incorporating community solar into their policies and projects.

The FIT has no effect on Members investing in this share offer. However, Investing as an ordinary member increases our chances of getting this idea working on a larger scale.

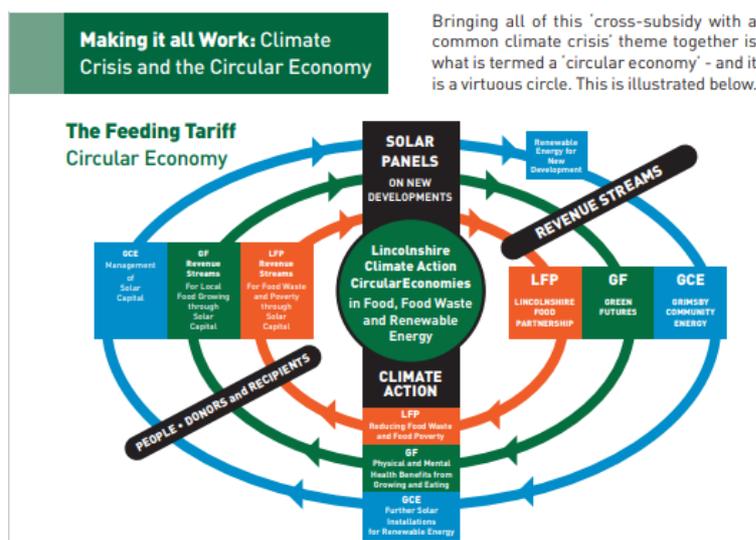
### 10.2 And longer-term ambitions include:

- Partnering with the Enrolled Freeman<sup>1</sup> to develop the perfect blank canvas around Freeman St Market with a local energy grid, as new buildings come into the area. (the YMCA Humber is within it, plus several other buildings have large PV installs)
- Copying the Hartlepool CIC model of solar charging electric scooters and cars and providing these for short term rental to provide local low carbon mobility and increase the sales of our solar electricity rather than selling to “the grid” for less.
- To support this development through 2021, we are seeking grant funding to employ two local, recent engineering students or unemployed graduates to develop projects.

## FEEDING TARIFF – CAUSES WE WANT TO SUPPORT

Lincolnshire Food Partnership has a mission: “Working together for greener, fairer and healthier food for all, through sustainable local action.” Their aims include “to Tackle food poverty, diet-related ill health and access to affordable healthy food.”

Green Futures in Grimsby is a “works with people of all ages and abilities in the greater Grimsby area to improve their health and wellbeing. We work together on our 3.5-acre site on Bradley Road to grow food for the local community and supply veg boxes, improve our environment and enhance everyone’s quality of life”



<sup>1</sup> The Enrolled Freeman of Grimsby have a local history back to the Royal Charter of Grimsby in 1201, and own the land around the Freeman Street Market. <http://enrolledfreemenofgrimsby.org/>

## 11 Finance & investment summaries

If you would like more detail on this, please see GCE's 'Investment Plan' which is available on the GCE website at [www.grimsbycommunityenergy.org](http://www.grimsbycommunityenergy.org)

### 11.1 Track record: returns to community shareholders

Figure 7 shows how much member share capital GCE manages and the return made to shareholders.

Use of society funds	Financial year ending			
	31.12.19	31.5.19	31.5.18	31.5.17
Net profit (loss) before share interest and community benefit	6,538	4,349	(3,667)	1,935
Interest rate on share capital	1.7%	1%	0%	1%
Gross interest paid/credited	1,110	1,110	0	370
Community benefit donations	0	0	0	0

Figure 7 - Use of Society Funds – sourced from Society accounts.

- It was not originally planned to pay any interest in 2017 – less than a year after operations commenced. The Board decided to do so to offer a token amount to 2016 investors and to test our admin systems before another year passed.
- The 2017 Share Offer had a target interest rate of 4%, to be paid from 2018 onwards.
- We made a loss in 2018 because we paid exit fees to leave the start-up loan early. This made it impossible to pay interest that year.
- The Board proposed to make a reduced interest payment at the AGM following the periods ended 31.5.19 and 31.12.19. Members voted for this motion. The purpose was to build up capital for a new project.
- We have not yet paid community benefit payments. We have saved the money for a larger project as a few hundred pounds would not go very far. We are in discussions with the Rock Foundation to make the first donation, to help with installing some heating controls.
- The Board are committed to continuing to pay returns as targeted (4% and 2.25%) on 2017 and 2020 shares – see Investment Plan – for detailed financial projections.

### 11.2 Historical financial performance

Society funds	Financial year ending			
	31.12.19	31.5.19	31.5.18	31.5.17
Fixed assets	93,474	96,517	101,734	29,624
Net current assets (working capital)	23,624	19,670	11,464	16,041
Long term liabilities (debt)	0	0	0	0
Share capital	110,533	115,050	115,300	44,100
Retained profits or losses	6,565	1,137	(2,102)	1,565

Notes:

- Period 1 is a part year as electricity generation did not start until September 2016. Period 4 is a part year also. Periods 2 and 3 are full years. Electricity generation was as expected.
- Grant funding has been accessed in some years.
- Net loss in the second period reflects the fees to exit the start-up loan.
- Depreciation is a significant part of the Society's profit and loss accounts. The original 5 installations will be depreciated over 20 years (roof lease term) and the YMCA Humber over 25 years (roof lease term.)
- Fixed assets equate to the value of the Phase 1 solar installations, depreciated annually from year 2 onwards.
- We are cash rich, and over capitalised which reflects in our current assets, and this will be addressed by putting £9k working capital towards this project (see Section 11.3) and also by paying back 2017 Share capital back to members (Section 12.)
- We keep a cash reserve of £10,000 for unexpected costs.

### 11.3 Investment – minimum and maximum capital raise

Co-operatives UK Booster Fund, via the Power to Change Trust, will match up to £31,000 community investment £ for £. This makes it much easier to reach our target, and if we raise more, they are very happy to reduce their investment to make way for other new Members.

The table below shows the capital GCE expects to raise and deploy. If we do not raise all the funds, we will go ahead with a smaller installation. We will keep the funds “ring fenced” in our accounts and not spend them until the project goes ahead.

We held a tender exercise, advertised for three weeks, with submissions scored for price and quality, and the technical offer scored by an independent expert. The highest scorer was selected to work with. Thus, the solar panel installation costs are known.

Professional fees will include accountancy support and the solicitor to handle the roof lease.

<u>Source of funds – Maximum target</u>		<u>Source of funds – Minimum target</u>	
Community shares	£62,000	Community shares	£40,000
Working capital from our reserves	£9,000	Working capital from our reserves	£9,000
Total	£71,000	Total	£49,000
<u>Use of funds:</u>		<u>Use of funds:</u>	
Solar panel installation (fixed assets)		Solar panel installation (fixed assets)	
	£68,000		£46,000
Legal and accountancy fees	£3,000	Legal and accountancy fees	£3,000
Total	£71,000	Total	£49,000

Oversubscribed?	Between funding targets?	Undersubscribed?
Applications will be processed in date order received until the target is met. We will not exceed the target in order to avoid overcapitalisation. We will invite potential investors who missed out to invest in our next share offer. If they have sent payment already, this will be returned immediately to them.	If we are between targets, we will consult with our installer to buy as large a system as we can. We would leave space for a future extension also.	If we fail to meet our minimum target, we will not process applications. Any monies received will be returned.

#### 11.4 Forecast financial performance after new investment

	Financial Year ending			
	31.12.20	31.12.21	31.12.22	31.12.23
Revenue/total income (including revenue grants)	£ 27,047	£ 19,783	£ 20,240	£ 20,374
Operating profit (loss) before interest on capital and tax (Ebit)	£ 22,155	£ 10,543	£ 12,723	£ 12,706
Net profit (loss) after depreciation, interest on capital and tax	£ 4,344	-£ 15	£ 1,565	£ 553

- Revenue will increase as we are generating and selling more electricity.
- We expect a small loss in 2021 due to the costs of setting up this new project. After that, profit each year.

The Investment plan further details that:

- Cashflow through the new project period is always in the positive
- Our income will cover our costs, and provide for the planned interest payments and capital withdrawals.

## 12 Capital repayment

Capital is paid back in line with the depreciation of our assets. It is intended that when we have depreciated the value to zero, all capital will be paid back.

See also the detailed Financial Forecasts in GCE's 'Investment Plan' For more general information on community shares visit <http://communityshares.org.uk/>

### 12.1 Withdrawing your money

Members can request to withdraw their capital. Meeting such requests will be at the discretion of the Board. For instance, if we don't have enough working capital we might have to reduce or delay with withdrawal. GCE has been able to honour 100% of share capital withdrawal requests since incorporation. The scope for being able to withdraw shares in the future will be dependent upon the Society continuing to operate a successful business.

Shares will be repaid at the original price (unless value has been written down.) The Directors have the right to write down the value of shares, if the liabilities of the Society (and its share capital) should exceed the value of its assets. Members who then withdraw their shares will only receive the written down value of their shares.

The value of community shares remains at the £1 paid, and cannot increase.

## 12.2 How we plan to return capital

We have made plans to return some share capital to Members each year, if this is not covered by withdrawal requests.

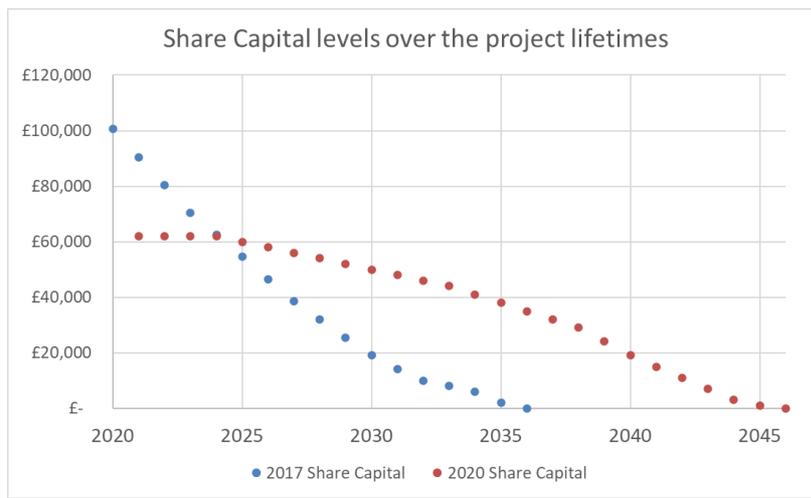


Figure 8 shows that:

2017 Share capital will be repaid by 2036 at latest

2020 Share capital repaid by 2045 at latest.

Figure 8 - Share capital levels over the project lifetimes

**Example 1:** Reg invests £1000 in 2020 shares. He keeps his money in until 2026, receiving a total of £95.16 interest. He has already been given £97 of his capital back, and requests to withdraw the remaining £903 in 2026.

**Example 2:** Julia had £5000 in 2017 shares. She doesn't request any withdrawals. Some capital is paid by each year and by 2036, she has all of her £5000 back. She has also earned £1196 in interest since 2020.

**Example 3: table showing example returns year by year:** This Example assumes that no Members have requested a withdrawal, so capital is returned to all Members with more than the minimum shareholding (£100) on a pro-rata basis. Returns continue in a similar way through the years to 2045 when all capital has been repaid.

<b>Example returns to a Member investing £1000 in 2017, and in 2020.</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
2017 Share Capital	£ 1,000.00	£ 1,000.00	£ 1,000.00	£ 909.53	£ 819.06
2017 Share interest payments	£ 10.00	£ -	£ 20.00	£ 36.38	£ 32.76
2020 Share Capital				£ 1,000.00	£ 1,000.00
2020 Share interest payments					
<b>Total paid back to Member's bank account</b>	<b>£ 10.00</b>	<b>£ -</b>	<b>£ 20.00</b>	<b>£ 126.85</b>	<b>£ 123.23</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
2017 Share Capital	£ 728.59	£ 638.12	£ 565.74	£ 493.36	£ 420.99
2017 Share interest payments	£ 29.14	£ 25.52	£ 22.63	£ 19.73	£ 16.84
2020 Share Capital	£ 1,000.00	£ 1,000.00	£ 967.74	£ 935.48	£ 903.23
2020 Share interest payments		£ 25.00	£ 24.19	£ 23.39	£ 22.58
<b>Total paid back to Member's bank account</b>	<b>£ 119.61</b>	<b>£ 141.00</b>	<b>£ 151.46</b>	<b>£ 147.76</b>	<b>£ 144.05</b>

## 13 Key Risks

The list of Key Risks below is not necessarily comprehensive, and you should consider other risks that may impact the value of your investment.

<b>Operational risks</b>	<b>Comments</b>
The business is managed by a small team of volunteers with one paid contractor for business support.	<ul style="list-style-type: none"> <li>We have welcomed three new Board members in the last year, following a determined effort to develop this.</li> <li>We are creating a manual to explain all operational procedures so as to provide continuity.</li> <li>The new accounting system will improve our management and reduce burden on volunteers to compile reports from spreadsheets.</li> </ul>
Brexit causes price rises to the quote we have from our installer.	<ul style="list-style-type: none"> <li>We have discussed this with our installer and they are certain of the price until the end of December. This is when our share offer is planned to end.</li> <li>Based on previous experience that we can raise the money in time, and having the option to re-size the installation to what we have raised, we can manage this risk.</li> </ul>
Impact of Covid 19 on business model – reduced power purchased because the host buildings are not occupied.	<ul style="list-style-type: none"> <li>The power purchased by the YMCA Humber has been conservatively modelled, and their accommodation will be used to house the vulnerable in the future – the building is unlikely to be empty.</li> <li>We also have FIT income from the original projects which is only related to generation, not to occupancy. This is half of the revenue from the Phase 1 projects.</li> <li>For all projects, we have export sales to buffer any loss (quarter of revenue)</li> </ul>
Equipment failure leads to loss of revenue.	<ul style="list-style-type: none"> <li>Performance is checked monthly on our online monitoring system to identify any issues so they can be remedied.</li> <li>Our Insurance requires annual electrical checks to be documented.</li> </ul>

	<ul style="list-style-type: none"> <li>We have identified and dealt with such issues successfully to date – and electricity generation is exactly as expected.</li> </ul>
Equipment is damaged, for instance in a storm.	<ul style="list-style-type: none"> <li>This would be reported by the site hosts, and/or noticed during checks. We are insured for such damage and for loss of revenue.</li> </ul>
Electricity prices fall significantly, reducing or removing the savings the host organisations make by buying electricity from us.	<ul style="list-style-type: none"> <li>This is unlikely. We are contracted to sell at the prices agreed, but would not raise the price in this situation so would forgo some income.</li> </ul>
Our customers go out of business, or move out of their buildings.	<ul style="list-style-type: none"> <li>E-factor and YMCA own their buildings. The charity shops rent from the Enrolled Freemen. They are stable, long term businesses and very unlikely to move.</li> </ul>

## 14 Shareholder application form



Please complete this form and either:

- Email it to us. We will then send you the details to make a bank transfer. This is faster and simpler for us.
- Post to GCE. c/o 8 St Helens Avenue, Grimsby, DN33 2AH enclosing a cheque.

If you would like to nominate someone to receive shares on death, then please complete the Nomination Form also. An individual set of application form and nomination form will be needed for each investment

### INVESTMENT

I wish to invest a total amount of	£
in Grimsby Community Energy Limited based on the Terms and Conditions of the Share Offer document at the price of £1 per share.	

### YOUR DETAILS

FIRST NAME:		SURNAME:	
ORGANISATION (IF ANY)			

ADDRESS:			
			POSTCODE:

TELEPHONE:		EMAIL:	
I confirm I am aged 16 or over:			

How did you find out about Grimsby Community Energy Limited?	
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<input type="checkbox"/> I would like to pay by BACS transfer. Please send me an email with payment details <input type="checkbox"/> I have enclosed a cheque made out to Grimsby Community Energy Ltd.
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### I confirm and understand the following:

I confirm that:

- I have read the Share Offer document and accept the terms of the Share Offer and the Rules of Grimsby Community Energy Limited.
- I consent to using the email address above as the primary means of communication for official documents from Grimsby Community Energy Limited.
- I will provide any additional information on request from the Society in connection with this Application (including any information to provide the Society with satisfactory evidence of my identity)
- I understand that the cheque supporting this application (if enclosed) will be presented for payment upon receipt and I warrant that it will be paid on first presentation.

I understand that:

- This Application may be withdrawn if a supplementary Share Offer document is issued, but not otherwise.

- If and when accepted by the Society forms a contract subject to English & Welsh law on the Terms and Conditions of the Share Offer document
- An Applicant who is not a UK resident is responsible for ensuring that this Application complies with any laws or regulations applicable outside the UK to which they are subject, and that they will need to provide a UK based bank account.
- If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole. If undersubscribed the payment will be returned.

The data that you provide on this application form will be stored within a computerised database by Grimsby Community Energy Limited. Your information will only be used for the purposes of this Share Offer and will not be disclosed to any third party.

I am happy to receive newsletters by email from Grimsby Community Energy.

**All applications received will be acknowledged.**

SIGNATURE:		DATE:	
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**ONCE COMPLETED PLEASE SEND YOUR APPLICATION TO:  
 Grimsby Community Energy Ltd – preferably by email to  
 info@grimsbycommunityenergy.org, or by post to GCE c/o 8 St Helens Ave,  
 Grimsby, N E Lincolnshire, DN33 2AH.**

## Grimsby Community Energy Limited Nomination Form

USE THIS FORM IF YOU WISH TO:

Nominate someone to whom you wish your shares to be transferred in the event of your death.

Complete this form and return with your Application Form.

### TRANSFERRING SHARES UPON YOUR DEATH

You can nominate a person aged 16 or over to whom you wish your shares to be transferred upon your death.

Trustees will have to be appointed for a nominee aged under 16 years.

First Name		Surname	
I confirm that this person is aged 16 or over.			
Address			
		Postcode	

Grimsby Community Energy Limited will respect your wishes in so far as the law and our Rules permit.

I understand that it might not be possible for Grimsby Community Energy Limited to action this request and I and my Heirs will not hold the Society responsible for its actions. I understand that these instructions can only be revoked or amended by my giving clear written instructions to Grimsby Community Energy Limited at its Registered Office. I understand that Trustees will need to be appointed if my nominee is under 16 years of age.

Signature			
Print name		Date	