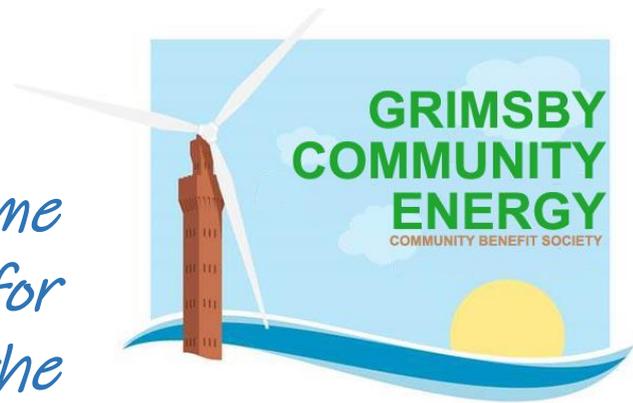


# Investment Plan

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

*We would – here is our Investment Plan.*

*It should be read after our Community Share Offer – which looks to raise £62,000 for solar panels on the YMCA Humber building, Grimsby.*



**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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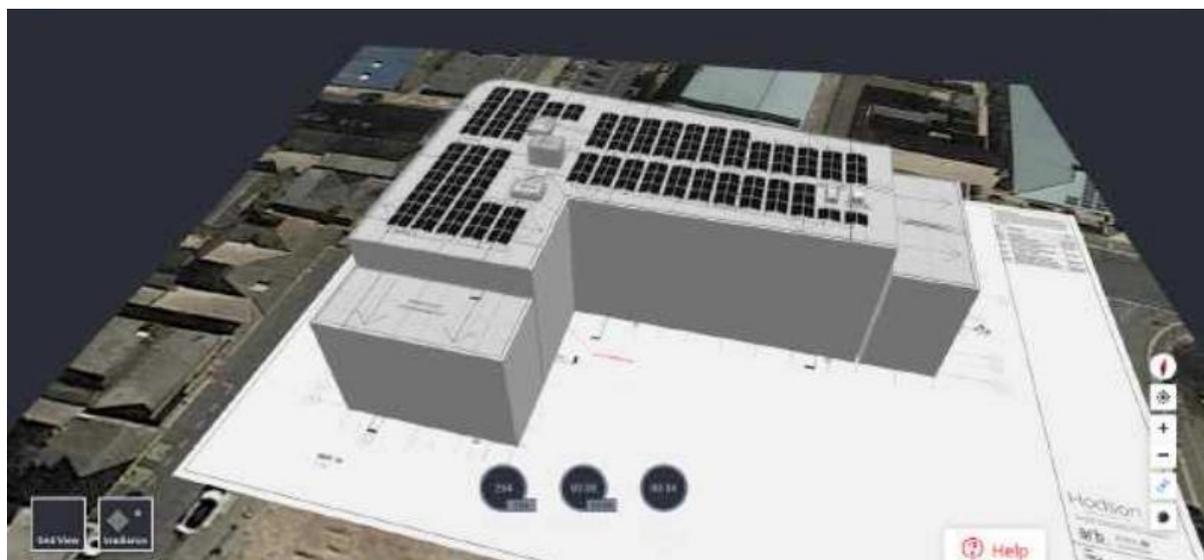
# 1 Our purpose and plans

This Investment Plan should be read after the Grimsby Community Energy, 2020 Share Offer Document. It adds detail to the information given there, and goes into greater depths of financial information.

Grimsby Community Energy's aim is to provide renewable energy for local organisations. This reduces their carbon emissions and energy bills, and demonstrates how to address climate change at a local level. Renewable energy offshore is now an important part of the economy of Grimsby, Cleethorpes and the surrounding area. We provide a community scale way to get involved in the future of energy onshore.

## 1.1 The current project

This Investment Plan supports the Share Offer Document 2020. We aim to raise £62,000 and purchase 94kW of solar panels for the roof of the new YMCA Humber building on Freeman Street Grimsby. The plans are shown in Figure 1.



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

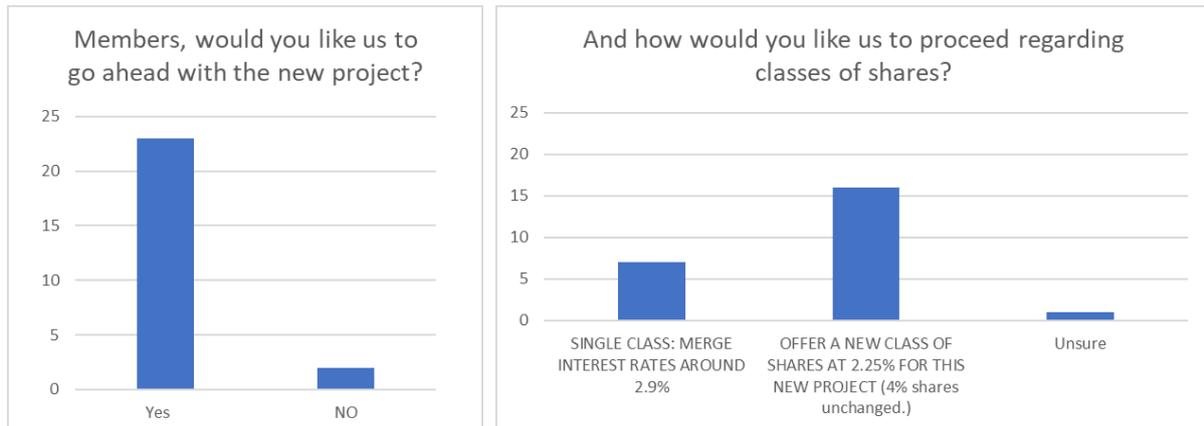
Our dream is to have a several megawatts (1000kW+) of renewable energy generation, owned by our Members and supported by grant funders. We would like to be the partner of choice for installations on community, public sector and private sites across the area. We would like to retain as contractors a set of skilled individuals who can manage and take the projects forward. We would like to provide more significant community benefits, in terms of bill savings, donations, peer advice to other organisations, and demonstrating local investment democratically owned and controlled by local people and their supporters from further afield.

## 1.2 Member support for this project

Our Members voted for our business plans at the last two AGMs, where we said we would seek a new project, invest the capital in our reserves in it, seek grant funding and support.

Once the finances of this project were known, it was clear we could not offer 4% interest as we did on the 2017 share offer. So, we consulted Members about how to handle this. 25 of them replied. The

results are shown in the charts below. Members have a 2:1 majority that they wanted this share offer to offer a separate class of share, and we have done so.



The launch of the share offer will be to Members first, followed by a public launch online (no physical meeting due to Covid.)

## 2 Financial history & current position



Figure 2 - Timeline of activity

### Successes along our timeline.

- Two share offers, raising a total of £115,300.
- £115,300 start-up loan and exit fees paid off.
- Generated electricity slightly higher than predicted in our 2016 financial model.
- We won an award following delivery of our Phase 1 projects.



## 2.1 GCE's historical financial performance; for the last 4 financial periods, and present year.

	Financial Year ending				
	31.12.20	31.12.19	31.5.19	31.5.18	31.5.17
Revenue/total income (including revenue grants)	£ 27,047	£ 9,977	£ 14,626	£ 15,613	£ 5,881
Operating profit (loss) before interest on capital and tax (Ebit)	£ 22,155	£ 8,699	£ 9,819	£ 8	£ 1,565
Net profit (loss) after depreciation, interest on capital and tax	£ 4,344	£ 4,546	£ 4,602	-£ 2,793	£ 1,565
Fixed assets	£ 81,247	£ 93,474	£ 96,517	£ 101,734	£ 29,624
Member share capital	£ 100,533	£ 110,533	£ 115,050	£ 115,300	£ 44,100
Accumulated reserves (or losses)	£ 10,909	£ 6,565	£ 1,137	-£ 2,102	£ 1,565
Long Term Liabilities (Loans)	£ -	£ -	£ -	£ -	£ -
Net Assets	£ 111,442	£ 117,098	£ 116,187	£ 113,198	£ 45,665

Figure 3 - Historical financial performance, with projection for end 2020.

### Notes on Figure 3:

- We are making a steady profit and accumulating reserves.
- As Figure 4 shows, electricity generation is as expected.
- The first and the last period shown were not full years of operation, so the income is lower.
- Some of our income has come from development grants.
- We made a loss in 2018 due to paying off our start up loan with exit fees. This was in the best interests
- To 2020 Fixed Assets equate to the value of the Phase 1 solar installations, depreciated annually from year 2 onwards. In 2021, the YMCA Humber installation is added to our fixed assets.
- Net loss in the second period reflects the fees to exit the start-up loan from e-Factor.
- 2020 figures are projected, and include some grant income.

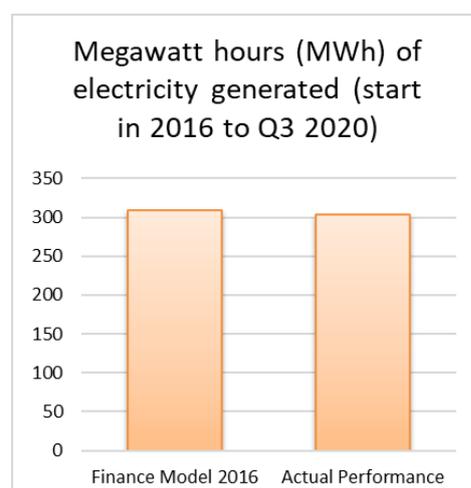


Figure 4 - Generation to most recent meter reading date.

## 3 Community benefit to date, and as we grow

### 3.1 Benefit to our customers – and those they support

To date we have saved £7,300 on electricity bills for our customers compared to their usual electricity provider. This means that e- Factor, St Andrew's Hospice, and the Rock Foundation have more money to support their beneficiaries. These are small businesses and start-ups; patients receiving end of life care; and learning disabled adults, respectively.

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.” The estimated energy bill savings over the 25y contract are £37,100.

This is in addition to the £66,500 combined, estimated, savings over 20 years to e- Factor, the Rock Foundation and the St Andrew’s Hospice.

### **3.2 Benefits to the environment**

Our renewable electricity generation has also avoided the emissions of over 95 tonnes of CO<sub>2</sub>, the main gas causing man-made climate change.

As we grow, we want to diversify (Section 3.5), with additional carbon saving projects. An investment in this share offer helps GCE take the next step towards this.

### **3.3 Community benefit payments – increased by growth**

From 2020 based on Phase 1 project income alone, we could make we can make community benefit payments of around £400 per year. However, with the addition of this project payments of £500 to £1000 per year will be possible most years. (If only the minimum target of £40,000 is raised, then the community benefit payments will not be possible.)

These may be used for internal benefit – GCE additional projects in line with our aims, or external benefit – donated to like-minded community organisations to improve their energy efficiency. We are in talks with the Rock Foundation to spend our first community benefit payment on energy saving measures for their buildings.

### **3.4 The Feeding Tariff**

We are also seeking grant money to invest in the project, with the interest going to support the Lincolnshire Food Partnership and Green Futures (Grimsby). We will work with our partner Greater Grimsby Community Power CIC to manage the grant funding, the distribution of interest from the Society, and the recycling of capital into further projects.

Investing as an ordinary member increases our chances of getting this idea working on a larger scale. This is because it demonstrates our community roots and support for our organisation.



**Making it all Work: Climate Crisis and the Circular Economy**

Bringing all of this 'cross-subsidy with a common climate crisis' theme together is what is termed a 'circular economy' - and it is a virtuous circle. This is illustrated below.

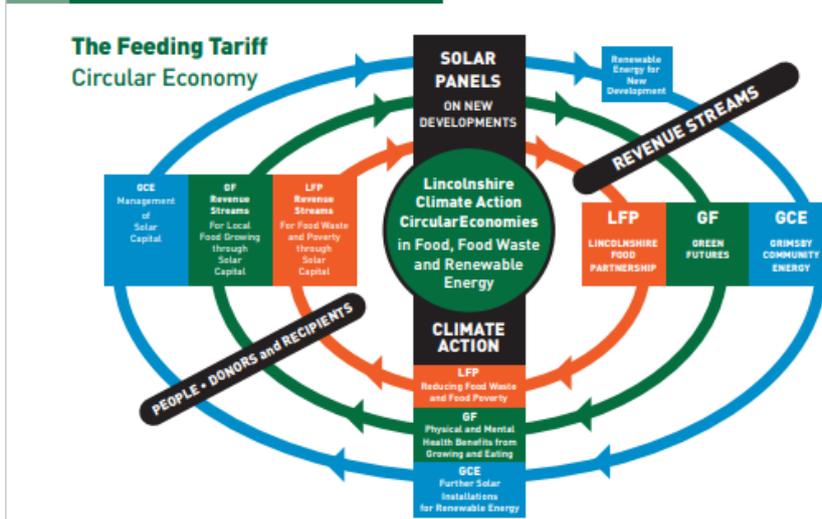


Figure 5 - the Feeding Tariff in pictures

### 3.5 Future Development activities include:

- We have been in discussion with a number of local authorities within Lincolnshire about developing community solar provision as part of regeneration policy and, in particular, the redistribution of some funds from the electricity generated to help tackle food poverty. Local authorities in the County have a commitment to zero carbon, and community renewable energy is important contribution to this, with the added advantage of redistributing other benefits back into the community.

And longer-term ambitions include:

- Working with the Enrolled Freemen who own a large area around Freeman St Market. This area is cleared for development with the tower blocks now having been demolished. The Freemen have administered the area since the charter of Grimsby in 1201, so have a long term view of the area. There is significant solar PV there already – 100kW on CarePlus, 200kW on the market, and this share offer seeking to add 94 kW to the YMCA building on the corner of Kent St and Freeman St. The area is a perfect canvas for a local energy grid (there are models in existence we can copy) where energy is locally produced, stored and consumed, and even sold to the grid at favourable times of day.
- Copying the Hartlepower 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 on placements to develop our projects.

## 4 Governance – our Board

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. We are in weekly touch with each other by email and Zoom. 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.



Dr Geeta Lakshmi  
Joined Board: 2020

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.

Geeta has joined the Board very recently, and has already started to apply her experience and expertise.



Adam Lewis  
Joined Board: 2017

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 & Power (CHP) plants. He has a business economics degree from Anglia Ruskin university and an MBA from Warwick Business School.

Adam keeps the Board on track, and reviews and challenges operational decisions and keeps an eye on our key performance indicators.

Ensures good governance, and collective decision making within the Board.

 <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>
 <p><u>Dr Vicky Dunn</u> <u>Joined Board: 2016</u></p>	<p>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.</p>	<p>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.</p>

## 5 Management and Operations

### 5.1 Day to day 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.



### 5.2 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.

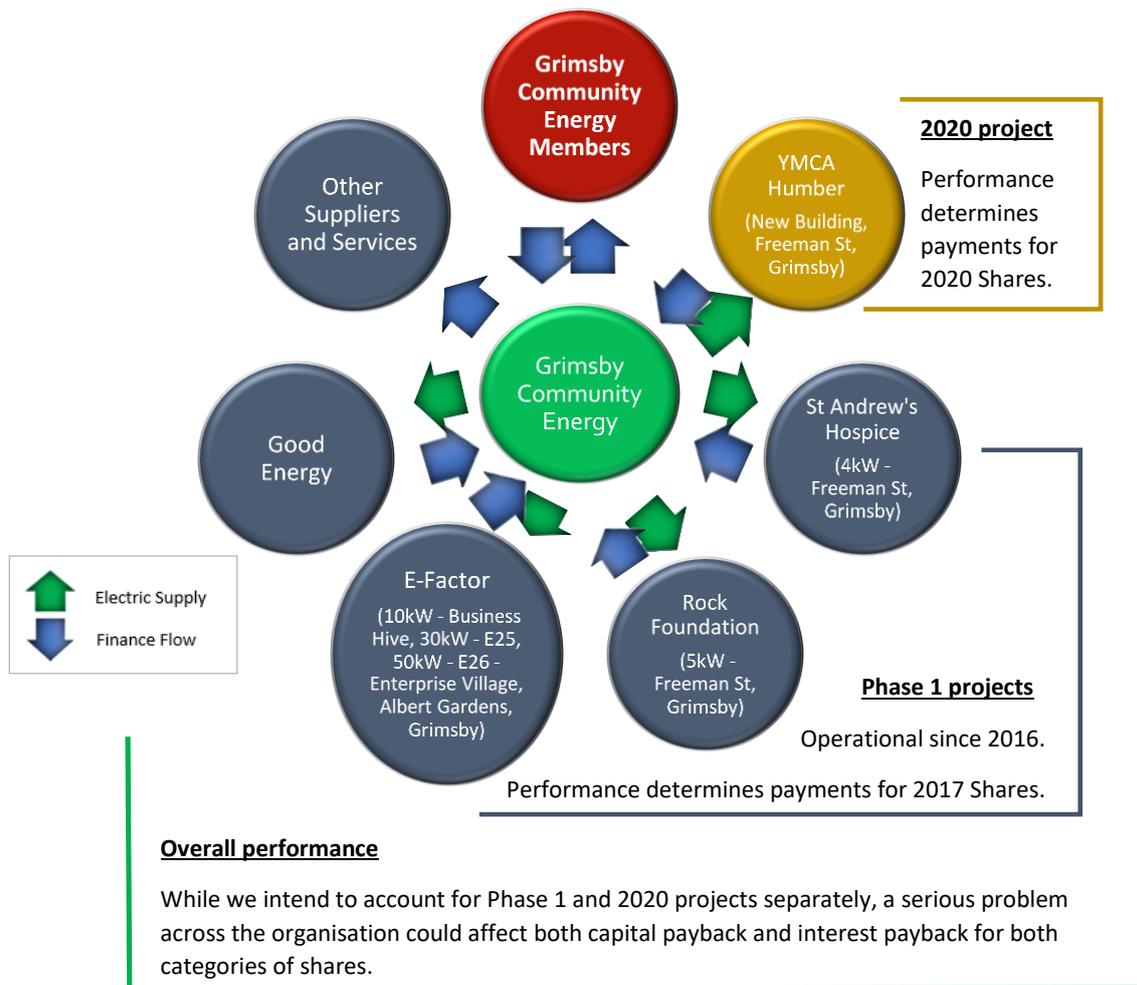


Figure 6 - GCE operations

## 6 Business growth plan

### 6.1 Growth through this Share Offer

Growing in a controlled way, we now propose to buy 94kW of solar PV on the YMCA Humber building. This fits precisely into our existing business model and systems, nearly doubles our generation capacity and our turnover by 1/3. The difference in these two values reflects the lower price of solar PV today compared to the past years, and the greater profitability of solar PV when it was supported by the Feed-in-Tariff.

The YMCA Humber building is on Enrolled Freeman of Grimsby land, and perfectly located to take part in their energy park ambitions. We have specified that suitable electrical connections are left available to connect to sell surplus electricity to the buildings planned for adjoining plots. However, this business plan stands up on its own without depending on future developments.

## 6.2 Leases and power purchase agreements

The power purchase agreements and roof leases for Phase 1 projects run for 20 years (so until 2036.) We expect to increase our prices to keep in line with inflation, but can hold on this if we need to. Energy costs are expected to continue to rise in the medium to long term, despite dips due to Covid-19. This means our customers will continue to see savings on their bills from buying our electricity.

The YMCA Humber (like e Factor, our major existing customer) own their building which is being purpose built. It is unlikely they would vacate it, and the vulnerable nature of the people who they provide accommodation to suggests it would remain full in a lockdown situation.

The Society will enter into a 25-year lease and power purchase agreement with the YMCA Humber.

Complete to stage YMCA Humber are at and provide timeline at time of issue

Run tender exercise, receiving 4 quotes	✓
Selected contractor and obtained price.	✓
Modelled finances and offered price to YMCA Humber should they accept the project.	✓
YMCA Humber decide to go forward with us in the project.	✓
Lease and Power Purchase Agreement signed – scheduled for early November 2020.	

In the unlikely event that the Lease and PPA cannot be signed, the project will not proceed and money will be returned to investors.

We have estimated that 50% of the electricity will be used on site. GCE earns more revenue selling to customers than exporting it to the grid. This estimate is conservative, and so under-estimates our financial performance.

## 6.3 Technical details of the solar panel installation

The successful tender for this new project includes an estimate of solar generation, which is carried out to the Microgeneration Certification Scheme standard and was checked by an independent expert during the tendering process. This means that our income forecasts are based on hard data.

The specifications of the system we intend to buy is shown below.

<b>Quote summary</b>	254 no. 370Wp Longi Mono PV modules, Van Der Valk non-penetrative mounting system for flat roofs, 127 x Solaredge P801 Power Optimisers, 1 x SE82.8kW Solaredge 3-phase inverters, 2 x Owen Borthers compatible meters (plus Rogowski coils for import/export), 1 x Solaredge CT import/export meter, 1 x Solaredge Firefighter Gateway cable containment, switchgear, test & commissioning. Access & lifting.
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## 6.4 Additional running costs from this project.

We have increased our annual administration budget from £2500 to £3300 to cover the additional costs of the new project. This is a high estimate, but we are waiting for quotes for accountancy support. Likewise, we have increased our budgets for maintenance and insurance.

The additional operational requirements are not large. We already work to a yearly Company Calendar of billing, VAT returns, insurance, Board Meetings, maintenance and similar activities. Adding one more site at YMCA Humber site to our existing 5 operations will not be difficult as we will use the same online monitoring metering system, and all other financial systems.

One important new operational requirement will be to update our accounting to use cost centres so the different costs and revenues of the Phase 1 installations, the new YMCA Humber, and any Feeding Tariff activity can be apportioned correctly. This will enable the two different interest rates to be calculated transparently and the motion to pay these put to Members at the Annual General Meeting.

Vicky Dunn as a volunteer Board Member does the insurance, contracting, and project management, with decisions and governance sought from the Board as required.

## 6.5 Share capital raise, and contingencies.

The table below shows the capital GCE expects to raise and deploy. We are fairly confident we can do this by employing the various targeted communication methods listed in the share offer document. We have raised more before, with a smaller base of Directors and Members so support the process.

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. We are in negotiations for them to match Member investment in the current share offer £ for £ up to £31,000 – making it so much more likely we will reach our target.

If we do not raise all the funds, we will go ahead with a smaller installation, sized to what we can afford within technical limits and leaving space for a future extension. The funds are for the capital asset of the solar PV installation, and professional fees such as a solicitor to handle the roof lease (around £700) and accountants update our systems.

A tender exercise has been completed and we have selected a contractor to work with. Thus, the solar panel installation costs are known from their quotes.

The project will be managed by Vicky Dunn, working on a voluntary basis.

<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)	£68,000	Solar panel installation (fixed assets)	£46,000
Professional fees	£3,000	Professional 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.

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### Impact of a smaller system on projections

We would have to remove the community benefit payments, but returns of capital and interest to all Members are unaffected.

### 6.6 Project cashflow, and capital expenditure plans.

		Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
<b>Phase 1 operations as normal</b>	Income (Phase 1 projects)	£ 300	£ 3,500	£ 300		£ 900	£ 480	
	Expenditure (Phase 1 projects)	£ 200	£ 100	£ 850	£ 100	£ 4,229	£ 50	£ 50
	VAT balance			-£ 30			-£ 86	
	2017 Share Capital repayment						-£ 5,000	-£ 5,000
	Community benefit payment					-£ 500		
<b>Project activities</b>	£62,000 raised in share capital	£ 40,000	£ 22,000					
	£3,000 spent on prof fees / legal / accountancy			-£ 1,500	-£ 1,500			
	Pay £68,000 + £13,600 VAT = £81,600 for installation					-£ 81,600		
	Reclaim VAT							£ 13,600
	<b>Bank balance (c/f £30,550)</b>	£ 71,050	£ 96,650	£ 96,270	£ 94,870	£ 17,899	£ 13,343	£ 21,993

Figure 7 - Operational and project cashflow

#### Notes on Figure 7.

- £3000 from our reserves is used as working capital to pay for the fees on the project.
- £6000 from our reserves is used towards purchasing the solar panels (fixed assets added to balance sheet.)
- The expenditure in March 2021 includes a 4% interest payment to 2017 Share Members.
- Bank balance is maintained at a healthy level above our minimum reserves of £10k.
- 2017 capital will not be repaid until our cashflow permits in April / May 2021. This avoids the costs of arranging a bridging loan for the VAT element of the project.
- Cash holdings are more than sufficient to meet all financial obligations – both operational and to shareholders.

## 7 Impact of this project on our Finances

### 7.1 Project Profit and Loss projection for next 5 years

Year	2020	2021	2022	2023	2024
<b>Income</b>					
YMCA - new		5685	6060	6111	6163
Non-repayable grant	10000	0	0	0	0
<b>Total Operating Income</b>	<b>10000</b>	<b>5685</b>	<b>6060</b>	<b>6111</b>	<b>6163</b>
<b>Expenditure</b>					
Start up costs and project management	3000	0	0	0	0
Administration, fees, etc	750	918	936	955	974
Maintenance	0	1000	1020	1040	1061
Insurance	500	510	520	531	541
Extension of inverter warranties	0	0	0	0	0
<b>Total Operating Expenditure</b>	<b>4250</b>	<b>2428</b>	<b>2477</b>	<b>2526</b>	<b>2577</b>
<b>Operating Surplus</b>	<b>5750</b>	<b>3257</b>	<b>3584</b>	<b>3585</b>	<b>3586</b>
<b>Other expenditure</b>					
Depreciation	0	2720	2720	2720	2720
Share interest 2020 Shares (2.25%)	0	0	0	1395	1350
<b>Total other expenditure</b>	<b>0</b>	<b>2720</b>	<b>2720</b>	<b>4115</b>	<b>4070</b>
<b>Net surplus/loss</b>	<b>5750</b>	<b>537</b>	<b>864</b>	<b>-530</b>	<b>-484</b>
Profit/loss carried forward	5750	6287	7151	6621	5937
Community Benefit Payment				200	200
Profit/loss carried forward after CBP	5750	6287	7151	6421	5737

#### Notes

- This table shows the profit and loss for the new project, it dips into a small loss after a few years before returning to profitability.
- All estimates for administration, maintenance and insurance are conservative, meaning the project is likely to be more profitable than shown.
- Community benefit payments are made once interest starts to be paid.
- Further projects are likely to be added within 5 years, which cannot be shown on this table or the one below as they are not yet known. These will reduced the fixed costs and improve profitability.

## 7.2 Organisation Profit and Loss projection for next 5 years

Year	2020	2021	2022	2023	2024	2025
<b>Income</b>						
GCE original	14017	14098	14180	14262	14345	14429
YMCA - new		5685	6060	6111	6163	6215
Non-repayable grant	13030	0	0	0	0	0
<b>Total Operating Income</b>	<b>27047</b>	<b>19783</b>	<b>20240</b>	<b>20374</b>	<b>20508</b>	<b>20644</b>
<b>Expenditure</b>						
Start up costs and project management	0	3000	0	0	0	0
Administration, fees, etc	2500	3300	3519	3589	3661	3734
Maintenance	1592	1624	2656	2709	2763	2819
Insurance	800	1316	1342	1369	1397	1424
Extension of inverter warranties	0	0	0	0	0	0
<b>Total Operating Expenditure</b>	<b>4892</b>	<b>9240</b>	<b>7517</b>	<b>7668</b>	<b>7821</b>	<b>7978</b>
<b>Operating Surplus</b>	<b>22155</b>	<b>10543</b>	<b>12723</b>	<b>12706</b>	<b>12687</b>	<b>12666</b>
<b>Other expenditure</b>						
Write off debt of GGCP start up costs (reduce current assets)	4300	0	0	0	0	0
Depreciation	9282	5937	7937	7937	7937	7937
Share interest 2017 Shares (4%)	4229	3621	3221	2821	2501	2181
Share interest 2020 Shares (2.25%)	0	0	0	1395	1350	1305
<b>Total other expenditure</b>	<b>17811</b>	<b>9558</b>	<b>11158</b>	<b>12153</b>	<b>11788</b>	<b>11423</b>
<b>Net surplus/loss</b>	<b>4344</b>	<b>985</b>	<b>1565</b>	<b>553</b>	<b>899</b>	<b>1243</b>
Profit/loss carried forward	12264	12749	13813	13866	14265	14508
Community Benefit Payment	500	500	500	500	1000	500
Profit/loss carried forward after CBP	11764	12249	13313	13366	13265	14008
Corporation Tax	297	105	171	236	0	97

### Notes

- Income is from our existing projects, and from 2021 includes the new project. We have also received some grant income from the small business Covid-19 grant, and from the Coops UK Booster Fund.
- GGCP CIC was the original organisation which developed the Phase 1 projects, until we set up GCE to do the first share offer. GGCP contracted with e-Factor for the £115k loan, with the Society as guarantor, and purchased the 3 e-Factor installations. After the second share offer the loan was paid off, and the Society took over all the assets and contracts from GGCP. Due to the accounting treatment it appeared that GGCP owed GCE £4300. However, these costs were all part of the same project. This situation was shown in our accounts as a debt until now when the decision has been taken to write it off so our current assets are shown as they actually are ready for this share offer.
- Expenditure is divided into categories and tailored to our experience of operating over the last 4 years. Expenditure is slightly increased with the new site.
- Inverters will not be changed in this period, but our 25-year plan includes these as they are expected to be changed out. We have not presented the entire plan here, because within a few years we expect to have more projects which are presently unknown to us. Thus, the later years are not instructive to view.
- Depreciation is a major cost and affects our P&L. (See also Figure 9 where we show payback of capital roughly in line with depreciation.)

- Share interest payments are shown for the two classes, starting in 2022 for the 2020 Shares advertised in this offer.
- Corporation tax is a maximum estimate of the liability.
- We are able to make community benefit payments and maintain a modest surplus. Our reserves currently contain £10k, as per our financial policy.
- Should we fail to raise enough capital and proceed with a smaller project, the community benefit payments will be removed to maintain surplus at a similar level.

### 7.3 Consolidated balance sheet forecast

Year	2020	2021	2022	2023	2024	2025
Fixed Assets	£ 81,247	£ 143,310	£ 135,373	£ 127,436	£ 119,499	£ 111,562
Net current assets (working capital)	£ 31,050	£ 21,472	£ 20,176	£ 18,061	£ 15,726	£ 14,170
Long term liabilities (debt)	£ -	£ -	£ -	£ -	£ -	£ -
<b>Net Assets</b>	<b>£ 112,297</b>	<b>£ 164,782</b>	<b>£ 155,549</b>	<b>£ 145,497</b>	<b>£ 135,225</b>	<b>£ 125,732</b>
2020 Member Capital		£ 62,000	£ 62,000	£ 62,000	£ 60,000	£ 58,000
2017 Member Capital	£ 100,533	£ 90,533	£ 80,533	£ 70,533	£ 62,533	£ 54,533
Retained profits or losses	£ 11,764	£ 12,249	£ 13,313	£ 13,366	£ 13,265	£ 14,008
Corporation tax cumulative			-£ 297	-£ 402	-£ 573	-£ 809
<b>Shareholder Funds</b>	<b>£ 112,297</b>	<b>£ 164,782</b>	<b>£ 155,549</b>	<b>£ 145,497</b>	<b>£ 135,225</b>	<b>£ 125,732</b>
<i>Difference</i>	£ -	£ -	£ -	£ -	£ -	£ -

Notes:

- This table assumes that we raise the target £62,000.
- We have enough cash in the bank to support share withdrawal applications (as shown in Figure 9).
- It is our policy to keep at least £10k in cash reserves.
- We are overcapitalised at this time, which is why we are paying down 2017 Share capital by £10k per year for the next 3 years.
- Pay back of 2020 Share capital begins in 2024. Members can request withdrawal from 1 Jan 2023, and though not planned for we have cash to accommodate this.
- 

### 7.4 Member interest, withdrawals and capital payback schedule

Members can ask to withdraw their money at any time. Should not enough Members do this, we will allocate withdrawals across the share class. Capital is paid back in line with the depreciation of our assets. This is shown as a graph in Figure 9. 2017 Share capital is fully paid back by 2036, and 2020 share capital fully paid back by 2045.

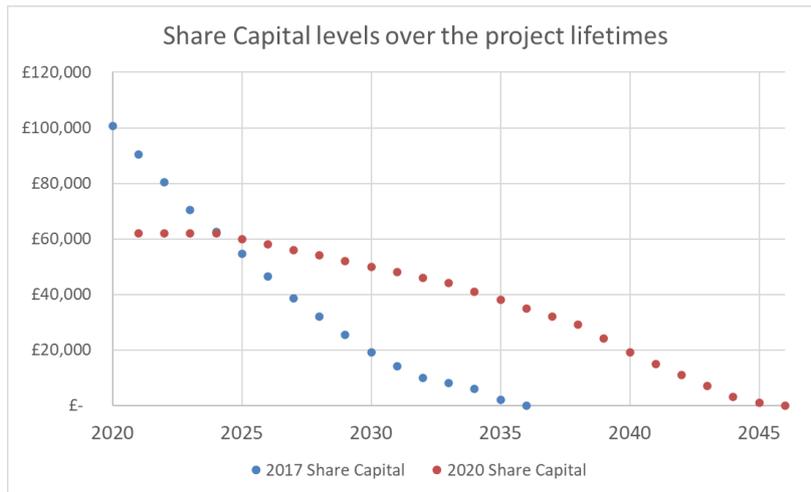


Figure 8 - Share capital levels

Year	Total	2020	2021	2022	2023	2024	2025
<b>2017 Shares</b>	£ 110,533	£ 10,000	£ 10,000	£ 10,000	£ 10,000	£ 8,000	£ 8,000
<b>2020 Shares</b>	£ 62,000					£ 2,000	£ 2,000
<b>Year</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>
<b>2017 Shares</b>	£ 8,000	£ 8,000	£ 6,502	£ 6,502	£ 6,502	£ 5,000	£ 4,000
<b>2020 Shares</b>	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000	£ 2,000
<b>Year</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
<b>2017 Shares</b>	£ 2,000	£ 2,000	£ 4,000	£ 2,027	£ -	£ -	£ -
<b>2020 Shares</b>	£ 3,000	£ 3,000	£ 3,000	£ 3,000	£ 3,000	£ 5,000	£ 5,000
<b>Year</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	
<b>2017 Shares</b>	£ -	£ -	£ -	£ -	£ -	£ -	
<b>2020 Shares</b>	£ 4,000	£ 4,000	£ 4,000	£ 4,000	£ 2,000	£ 1,000	

Figure 9 - Scheduled repayments of capital for each class of share.

While separate interest rates and withdrawal schedules are presented in Figure 9 for 2017 and 2020 shares, the reality is that all shares are held within one organisation. GCE’s Board will strive to ensure that all projects are profitable, transparently accounted and meet their target rates of interest and capital withdrawal. However, if one project or more fails to a large extent then this will affect the profitability of the others, and in a severe case, affect the entire organisation. Should a problem prevent there being enough money to permit withdrawals, the Board can suspend the facility.

<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>

Figure 10 - Example returns to Members

- Figure 10 shows historical to date, and planned returns to 2026, however, Returns continue in a similar way through the years.
- 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.

## 8 Risk Register

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>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> </ul>

	<ul style="list-style-type: none"> <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> <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, 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>