



**SOUTH SOMERSET COMMUNITY
ENERGY SOCIETY LTD**

Generating Interest



SECOND SHARE OFFER

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Chairman's Introduction

Dear Member,

I am writing to offer you an opportunity to make a further investment in South Somerset Community Energy Society Limited (SSCES). This is to raise capital for three further solar PV projects on secondary schools in South Somerset, but for reasons explained below, time is very limited for this issue, so we are offering priority for this further investment to existing members.

You will recall that the volunteer directors formed SSCES as a Community Benefit Society - owned by its members (investors), with the aims of reducing carbon emissions and fuel bills, especially for those in fuel poverty, throughout South Somerset. You can read more about SSCES later, but a key point in our governing Rules is that any surplus the Society generates has to be put towards the benefit of the community, in this case to support other local energy and fuel poverty projects across the district of South Somerset. Energy spend and fuel poverty are serious issues for many in South Somerset and the Board is determined to do something substantial towards helping. Members showed their trust in SSCES by investing in our first share offer earlier this year

and progress has been excellent on the pilot projects as is reported later in the document, and we are confident of completing the projects well before the end of the year, and of paying the target 5% annual interest to investors in these schemes.

As you may have read in the media, the government is cutting back on the subsidies that make solar PV projects attractive to community energy societies, and that make investments in them attractive to investors. However there is a short window of opportunity for further projects and investments, which is why we are launching a time-limited share offer to Members now. This is explained in more detail below.

The incentives that made the projects and investments attractive to societies and investors were –

1. Feed in Tariffs (“FiTs”) that paid generators of solar energy a sum for every unit generated and every unit exported to the grid. These have been reducing progressively since they were first introduced: however the government now proposes to reduce the FiTs by up to 87% from January 1st, which would make subsequent projects unviable. (Of course projects that catch the FiTs before they fall still continue to earn them - plus inflation - for 20 years.)
2. Tax incentives for investors were allowed, as schemes such as ours were eligible as Seed Enterprise Investment Schemes (SEIS – for the first £150,000 of a new society) and Enterprise Investment Schemes (EIS – for investments thereafter): however the government has decided to remove this eligibility from November 30th
3. Community benefit societies were permitted to apply for “pre-accreditation” for projects such that the FiTs were fixed at the point of application and societies then had 12 months to deliver the schemes: however the government announced that this pre-accreditation facility would cease on September 30th.

These moves were potentially a terminal threat to our launching future projects, but in partnership with our installer (Solarsense – UK Ltd), SSCES has responded rapidly by applying for pre-accreditation for three further secondary school projects before the September 30th deadline, and now we are inviting you to invest in these projects.

Note. There is no guarantee that these applications will be successful. However if we were to wait until we know, it would be too late to raise the necessary capital and issue share certificates by November 30th.

We therefore undertake the following:

- **If you decide to invest, and insufficient pre-accreditation applications are successful to go ahead in a viable way, we will refund your money by buying back the issued shares**
- **If you decide to invest, and circumstances prevent us from issuing share certificates by November 30th, we will also refund your money by buying back the issued shares.**

Although this necessarily has to be carried out in a narrow time window, we would point out that this is likely to be your last opportunity to invest in community energy solar PV, while the favourable combination of Feed-in Tariffs and EIS tax advantages apply.

The previous share issue included an expected interest rate of 5% per year, and allowed UK taxpayer investors to accrue 60% SEIS shares and 40% EIS shares until the SEIS allowance of £150,000 was used up.

Since we can now offer only EIS shares, we are increasing our expected interest rate to 6%. Capital will be repaid in years 6 to 20 as before.



Full details of this and other tax advantages may be found in Section 6. Investors should pay due attention to the financial (and other) risks in Section 8, but the financial model is already mature and not complex since both the installation costs and Tariff returns are approximately in proportion, and the existence of the Tariffs and the EIS scheme make the model attractive.

I would also remind you that Member investors are encouraged to become actively involved in the Society and will have an equal vote in decisions put to the Members, regardless of the number of shares for which they subscribe. Together with my fellow Directors, I hope you will take up this opportunity to invest further before the window for this type of scheme is closed.

John Clark - Chairman





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Notice of Share Offer

The content of this Document has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000. Reliance on this Document for the purposes of deciding whether to make an investment may expose an individual to a significant risk of losing some or all of the property or other assets invested. Under these circumstances you have no right to compensation from the financial services compensation scheme, or recourse to an ombudsman. This document is important and should be read in full and considered carefully.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000, or from another appropriately authorised independent financial adviser.

The Directors of the Society have approved this Document and are responsible for the information contained in this Document. The information and analysis contained in this

Document have been compiled or arrived at from sources believed to be reliable but the Directors do not accept any liability for any loss arising from the use thereof.

The share capital of the Society is not traded on or through any investment exchange. No application is being made for admission of these securities to the ICAP Securities & Derivatives Exchange or the Official List of the UK Listing Authority or the AIM market operated by the London Stock Exchange or any other investment exchange.

An investment in South Somerset Community Energy involves a degree of risk and, in particular, attention is drawn to the risk factors set out in this Document. An investment in the Society may not be suitable for all recipients of this Document.

Society name - South Somerset Community Energy Society Limited (“South Somerset Community Energy”) (t/a South Somerset Community Energy or SSCES)

It is a Community Benefit Society registered with the Financial Conduct Authority on 3rd February 2015, number 7075

Offer for subscription of up to £530,000 in Offer Shares at £1 each.

The Document does not constitute an offer to sell or the solicitation of an offer to buy any securities in circumstances in which such offer or solicitation is unlawful. The distribution of the Document and the issue of Shares in certain jurisdictions outside of the UK may be restricted by law. The Society expects individuals to inform themselves about and observe any restrictions imposed by the Society through this Document. The Society reserves the right to reject any Application to subscribe for Offer Shares in whole or in part at its sole discretion for any reason. It also specifically reserves the right to determine or alter the timing of the allotment of such Offer Shares.

This Document is provided solely for the use of prospective investors with regard to evaluating the Offer. Nothing in this Document constitutes investment, legal, accounting or tax advice, or a representation that any investment strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. This Document is intended only for the person to whom it is provided by the Society. It may not be reproduced either in whole, or in part, without our written permission.

You should address any complaint in respect of this Document to South Somerset Community Energy. South Somerset Community Energy is responsible for ensuring that any complaint is investigated and resolved.

An investment in the withdrawable and non-transferable Shares in a Community Benefit Society is not treated as a controlled investment for the purposes of section 21 of the Financial

Services and Markets Act 2000 pursuant to paragraph 14 of Schedule 1 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. The issue of withdrawable and non-transferable Shares exempts this Document from the requirements of an approved prospectus set out in section 85(1) of the Financial Services and Markets Act 2000.

Share Offer statistics

Price per Share	£1
Minimum investment per Member	£500
Maximum investment per Member	£25,000
Minimum amount to be raised through the Share Offer	£130,000
Maximum amount to be raised through the Share Offer	£530,000

(the Directors may extend this if the Offer is oversubscribed)

Directors

John Clark (also Company Secretary)
David Rabone
Dr Chris Adcock

Registered office: 10 Summerlands Yeovil, Somerset, BA21 3AL	
Date of incorporation 3rd February 2015 (registration number 7075)	
Financial year end 31st December 2015	
Bankers The Unity Trust Bank Nine Brindleyplace, Birmingham B1 2HB www.unity.co.uk	
Accountants The Count House, 8 Park Road, Henstridge Somerset, BA8 0QP	
Expected Timetable For the reasons explained in the Chairman’s introduction, this share offer will only be open for 3 weeks. Payment and application must be received either by post or electronically by the 26th November if we are to meet the issue of shares date deadline of 30th November	
Date	Action
5th November 2015	Share Offer opens
26th November 2015	Share offer close date
29th November 2015	Issue of Shares
January - September 2016	Installation of projects



John Clark of SSCES with Principal Chris Hunt and Business Manager Mark Payne.

Installation of solar panels on Westfield Academy



South Somerset Community Energy

This Share Offer is an opportunity to become a social investor in up to three new solar PV projects on secondary schools in South Somerset.

South Somerset Community Energy is a Community Benefit Society, which has been set up to fund and manage community owned renewable energy installations in the district of South Somerset.

South Somerset Community Energy provides these installations and energy monitoring display packages free of charge to each host building. A long term (20-year) roof lease is agreed with the building owner, enabling installation and maintenance of the solar PV panels.

South Somerset Community Energy earns income from the installations through three sources:

- Solar electricity generated, which can be used directly by the host building, is sold to the building occupier under a long term agreement at less than half the cost that they currently pay for electricity
- Solar electricity generated, that cannot be used directly by the host building, may be exported to the local electricity grid and sold to an electricity supplier

- A subsidy called the Feed-in Tariff provides payments for every unit of electricity generated. The Feed-in Tariff is guaranteed for 20 years and increases annually with inflation

This income is used to:

- Cover the costs of maintaining the renewable energy installations, running the Society (e.g. management costs, insurances, accountancy and audit fees) and building up a reserve fund
- Repay loans to the Society and pay Members a return on their social investment

Any surplus income will be used by SSCES to support projects addressing fuel poverty and climate change in the district.

The Rules of South Somerset Community Energy are available on www.southsomersetcommunityenergy.org.uk. The Rules set out the community objectives of SSCE, how it is governed and how its community purpose is protected (including an 'Asset Lock').

3.1. Governance & Management of South Somerset Community Energy

Ownership

The Society is owned by its Members on a one Member one vote basis. The rights of Members are set out in the Rules.

Regulation

As a Community Benefit Society, the Society is regulated by the FCA. This function of the FCA is distinct from its role as regulator of the financial services industry in the UK.

Management and administration of South Somerset Community Energy

The administration of the Society will be managed by the Board, with professional advisers as appropriate.

Installation and maintenance of the project installations will be by contract to the selected installer.

The Society will maintain a Register of Members which will include details of the number of Shares held by a Member and that number of Shares will be reflected in any Share Certificate issued. The Register of Members maintained by the Society will be definitive evidence of the number of Shares held by a Member, with any Share Certificate issued providing a statement only of the Shares held in and therefore capital paid and not withdrawn, from the Society in accordance with the Rules.

Board of Directors

The Society will be overseen by a Board of Directors who are responsible for key decision-making of the Society and shall be appointed and governed in accordance with the Rules. There are three founder Members (see Appendix C) who make up the Board until the first Annual General Meeting. Directors will then be elected by Members in accordance with the Rules. The Directors will bear ultimate responsibility to the Members. The Board may co-opt up to two further Directors with relevant skills and qualifications.

Director remuneration and disclosures

Director time will be provided on an unpaid basis, but Directors may be reimbursed for reasonable out-of-pocket expenses. In addition to investing their time free of charge, some of

the Directors intend to apply for Shares from this Offer, but this will be for not more than 10,000 shares in each case.

None of the Directors listed here has, 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 reprimand or sanction by a statutory or regulatory authority or designated professional body, or been disqualified from any function by any court.

3.2. Previous installations by South Somerset Community Energy

Your directors can report excellent progress on the pilot projects, funded by our first share offer:

- Our first share offer was fully subscribed; we achieved applications for over £285,000, and all share certificates have been issued
- Somerset County Council (the freeholder) have given their permission for the Westfield Academy project to proceed
- Westfield Academy and the Abbey Community Association have both agreed terms for roof lease and power purchase
- SSCES selected Solarsense - UK Ltd as installer for the pilot projects.
Solarsense has been in business for nearly 25 years and has just been awarded "UK Installation Company of the Year" at this year's annual Solar Power Portal Awards. Focusing on all areas of the solar industry, the purpose of the awards is to recognise and celebrate good practice, professionalism, quality, safety and innovation, with the aim of being a marker of the brightest and best that UK solar has to offer. Solar Power Portal is the most respected publication in the UK, providing unbiased, high-quality news within the industry and the highly prestigious awards follow a rigorous assessment process where the expert judges initially narrow down hundreds of national nominations to five finalists, before naming the overall winner.
- The Westfield Academy project is well advanced in its installation of solar panels (see photographs) and both pilot projects will be commissioned before the end of the year



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Renewable energy installations to be funded by this share offer

This share offer aims to raise between £130,000 and £530,000 to install solar PV panels on up to three secondary schools in South Somerset. The three schools are:

- **Preston Academy, Yeovil**
(estimated solar PV capacity 250 kW)
- **Stanchester Academy, Stoke-sub-Hamdon**
(estimated solar PV capacity 115 kW)
- **Holyrood Academy, Chard**
(estimated solar PV capacity 146 kW)

These schools were selected by a process with the following stages:

- Desktop exercise to find schools with the best disposal of roof surface
- Exclusion of schools already fitted with solar PV systems
- Narrowing down to schools with between 50kW and 250kW to comply with pre-accreditation requirements
- Short-list those schools, who could respond positively in the timescale for the pre-accreditation by September 30th

The projects provide a rate of return on investment that will be sufficient to run the company and provide the investors with their expected return on investment, and with the repayment of their capital in years 6-20.

1. **Preston Academy, Yeovil**

Preston Academy is one of three comprehensive secondary schools in Yeovil, South Somerset and is situated to the Western end of the town. Preston Academy comes within the area served by Scottish & Southern Electricity (SSE). SSE operates to a 45 working day response timescale, so were unable to make a firm offer of a connection prior to the pre-accreditation application. It is therefore technically the least likely of the three projects to achieve a successful pre-accreditation. However Solarsense were in receipt of an email advising what the limitations to a connection were likely to be, and this information was used to design their system and apply for pre-accreditation.

- *Estimated electrical capacity 250 kW*
- *Estimated energy cost savings £220,000 over 20 years*
- *Estimated CO2 saving 2,400 tonnes over 20 years*

2. Stanchester Academy, Stoke-sub-Hamdon

Stanchester Academy is situated a few miles to the West of Yeovil, under the historic roman fort of Ham Hill.

Stanchester Academy comes within the area served by Western Power Distribution (WPD). WPD were highly responsive to our enquiries and



were able to make a firm offer of a connection (which we then accepted) which we could include in the pre-accreditation application. It is therefore likely in our view to achieve a successful pre-accreditation. On the basis of the connection information and their analysis of the available roof-space, Solarsense were able to design the solar PV system:

- *Estimated electrical capacity 115 kW*
- *Estimated energy cost savings £95,000 over 20 years*
- *Estimated CO2 saving 1,150 tonnes over 20 years*

3. Holyrood Academy, Chard

Holyrood Academy is situated in Chard, the second largest town in South Somerset. Holyrood Academy comes within the area served by Western Power Distribution (WPD). WPD were highly responsive to our enquiries and were able to make a firm offer of a connection (which we then accepted) which we could include in the pre-accreditation application. It is therefore likely in our view to achieve a successful pre-accreditation. On the basis of the connection information and their analysis of the available roof-space, Solarsense were able to design the solar PV system:



- *Estimated electrical capacity 146 kW*
- *Estimated energy cost savings £130,000 over 20 years*
- *Estimated CO2 saving 1,500 tonnes over 20 years*

Quality and technology.

Installations will use high-quality equipment and the installers selected will be required to provide the following warranties:

- Workmanship and installation warranty 5 years
- Panel performance warranty 20 years

Solar PV is a solid state technology and panel failure is rare. However, inverters are likely to need replacing within 20 years. To cover inverter replacement costs, South Somerset Community Energy will build up a reserve fund sufficient to replace all inverters between years 10 and 15. South Somerset Community Energy intend to use an installer who will offer an internet-based monitoring service which can detect a reduction in performance of the solar PV system immediately. They will then monitor the fault taking into account weather conditions before sending a team to investigate and effect a repair where necessary.

Standards

The installer will be required to have the following industry accreditations:

The Microgeneration Certification Scheme (MCS) is an industry-led and internationally recognised quality assurance scheme, supported by the Department of Energy and Climate Change (DECC). MCS certifies microgeneration products used to produce electricity from renewable sources. MCS also certifies installation companies to ensure the microgeneration products have been installed and commissioned to the highest standard for the consumer.

To receive the Feed-in Tariff both the installed products and the installation company must be MCS certified.

The Renewable Energy Consumer Code (RECC) is a consumer code of conduct. It operates under the Consumer Code Approval Scheme run by the Trading Standards Institute. This demonstrates that the installer provides protection for deposits, advanced payments and for their workmanship guarantee in the event they stop trading. They must also ensure their subcontractors comply with these standards. Protection is normally provided via an insurance scheme.



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Information for Investors

General

Based on the business plan approved by the Directors, South Somerset Community Energy intends to pay Members a return of 6% per annum on their capital invested for 20 years and return Members' capital in years 6-20.

The first interest payment will be made following the Spring AGM following the commissioning of the first project. (The interest in the first year may be lower than in subsequent years to reflect the timing of the completed installations.) Each AGM will also forecast the level of interest that the Directors will hope to pay for the year ahead. The interest paid may be reduced if operating surpluses are lower than expected.

The Directors intend to establish a cash reserve to enable 1/15th of every investor's share capital to be bought back by the Society in each of the 15 years from years 6 to 20.

Members may apply to the Society to withdraw their capital other than according to the standard years 6-20 buyback: although there is no guarantee that the Society can meet such a request, the Board will consider whether the business can support such an application before responding.

Conversely the Board may decide to offer shareholders an earlier reschedule of capital

repayments.

Payment of the Members' interest and repayment of capital is not guaranteed and will be subject to South Somerset Community Energy earning sufficient operating surplus and having sufficient cash reserves.

However the financial projections show that the business (including the intended target Member payments) is viable on this basis at the time of the Offer based on the installations specified in this Document. Actual results, performance or achievements may differ from those expected due to known or unknown risks, uncertainties and other important factors.

Please refer to the section on key risk factors and their considerations. We would advise potential shareholders to seek their own financial advice if they are unsure of whether the opportunity is suitable for them.

Applying for Offer Shares

Guidance for applicants is to be found at Appendix A, and Terms and Conditions are at Section 8

EIS shares

HMRC has given advance assurance that this share offer will be eligible for the Enterprise

Investment Scheme (EIS) - see Appendix B.
SSCES will therefore issue 100% of each
successful application in EIS shares.

Investor benefits

- Support schools and community buildings to get free solar panels and save money for educational purposes
- Be part of an exciting and innovative community energy organisation
- One member, one vote - all Members have an equal say in decisions put to Members
- Members earn a good return on their capital - intended to be 6% per year
- 30% of investment is returned to UK taxpayers through EIS income tax relief (see next Section)
- Can be used to defer Capital Gains
- Help generate a surplus for South Somerset Community Energy to tackle the challenges of energy costs, fuel poverty and climate change





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Tax relief

Important note. SSCES is not qualified to offer tax advice, so the following notes should be checked with your financial advisor.

1. Income tax relief

As stated above, SSCES will allot taxpayers 100% of their allocation in EIS shares.

The Enterprise Investment Scheme (EIS) allows taxpayers to benefit by a reduction of 30% of the investment on their income tax liability. Eligible Investors can claim the relief against their income tax liability in the tax year that the qualifying investment is made or such relief can be carried back for the preceding tax year to the extent the eligible Investor has not used their annual limit in the previous tax year. EIS income tax relief in respect of investments made, in the 2014/2015 tax year may be carried back into the 2013/2014 tax year up to the annual limit of £1,000,000.

The amount of income tax relief claimed cannot exceed that which an eligible Investor is due to pay. The investment must be held for a minimum of three years from when South Somerset Community Energy commences trade or from the date of the Share issue, whichever is later.

Example - £1,000 subscribed

Provided a UK taxpayer has sufficient income tax liability, they will receive £300 (30% of their subscription) off their tax bill in the year of subscription. Effectively they will therefore have £1,000 worth of shares for £700, and the intended gross interest rate of 6% effectively becomes 8.57%.

Income tax loss relief

The subscriber can elect that the amount of any loss, less any income tax relief (see above), can be set against income of the year that the shares were disposed, instead of against capital gains

Capital gains tax deferral relief

A liability to capital gains tax arising from the disposal of an asset may be deferred by investing the gain into the Society. This applies to gains made in the three years before the effective date and future gains made up to one year after the effective date. Gains are deferred

until the Investor sells their qualifying investment. Capital gains tax will apply to the deferred gain at the rate in force when the investment is sold.

Income tax treatment of share interest received by Members

As South Somerset Community Energy is registered as a Community Benefit Society, any share interest payment to a Member is not treated as a distribution for tax purposes, i.e. it is not taxed as a dividend. Payments of this kind, whether described as interest, dividend or bonus, are treated as interest received by the Member. The Society will not deduct income tax from Member payments. Members therefore will be required to include the payment received on their personal income tax return for the tax year in which the payment is received and may be required to pay tax at their prevailing marginal rate of income tax, which will depend on their other income in the year.

The Society is required to make a return to HM Revenue & Customs shortly after its year end, providing details of the name and place of residence of each person to whom it has paid more than £15 in that period without the deduction of tax and the amount paid to each person in that period.

Conditions for tax relief

You cannot claim tax relief until the company sends you a form EIS3, then fill out on self-assessment form. Claims can be made up to 5 years after the first 31st January following the tax year in which the investment is made. Tax relief will be withdrawn if you become 'connected' with the company or the company loses its qualifying status (unless through genuine liquidation). Tax relief will be reduced or withdrawn if any of the shares are disposed of (unless to a spouse) or if you 'receive value' from the company.

For more information please see:

www.hmrc.gov.uk/eis/

Individuals should always seek professional advice based upon their own personal circumstances. Nothing in this Document should be read to be tax or investment advice. The information above may be subject to change in the future.





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Key risk factors and how they are managed

All investment and commercial activities carry risk. Therefore shareholders should consider whether the Offer shares are a suitable investment for them in light of their own personal circumstances, take appropriate advice and make their own risk assessment. Supporting the community purpose of South Somerset Community Energy with long-term social and environmental investment should be a primary motivation for investment. Depending on the personal circumstances of the shareholder and the proportion of assets they are considering investing, it may be inappropriate to invest savings in South Somerset Community Energy.

In addition to the usual risks associated with an investment in a business, the Directors believe that the specific risks referred to below as well as other information in this Document should be considered carefully before acquiring Offer Shares. An investment in South Somerset Community Energy is an investment in a trading business and is not a loan or deposit. Prospective shareholders are advised to consult a suitably authorised independent adviser who specialises in advising on investments of this kind. If any of the risks described in this Document

actually occur, the Society may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, inter alia, its ability to redeem the Offer Shares and/or pay interest to Members will be affected. No inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect. Additional risks and uncertainties may also have an adverse effect on the Society's business and the information set out below does not purport

to be an exhaustive summary of the risks affecting the Society. There may be additional risks of which the Directors are not aware.

Risks relating to the legal structure of South Somerset Community Energy

- If the Society does not achieve the financial performance forecasted at the time of the Offer, shareholders may not get back the amount invested.
- The target share interest rate may not be achieved if the Society does not achieve the financial performance forecasted at the time of the Offer. However, the intention is to pay the target share interest rate subject to the conditions set out in the Rules.
- Shares are not transferable and will not be traded on a recognised stock exchange or otherwise. However, Members may be able to sell their Shares back to the Society (and the Society may issue new Shares to new Members) subject to the constraints set out herein and in the Rules.
- Shares can only be withdrawn in accordance with the Rules and the ability to withdraw shares can be suspended at the sole discretion of the Board (even if a notice of withdrawal has already been submitted to the Society). If the Society lacks sufficient cash to enable Shares to be withdrawn when desired, withdrawal may be delayed, or not possible. Investment in the Shares should be seen as a long term proposition.
- Investors are Members of the Society and thereby own the Society. If the Society is unable to meet its debts and other liabilities, Members could lose up to the whole amount held in Shares (but no more than that amount). However they will be eligible for income tax relief and loss relief which should mitigate their loss.
- Investments in Community Benefit Societies are not like deposits at a bank. Neither the Financial Services Compensation Scheme, which applies to bank accounts, nor the Financial Ombudsman Service apply, nor is the Society subject to prudential supervision by the FCA.

General investment and financial risks

- Adverse changes in the marketplace (e.g. relating to the actions of other participants,

changes to governmental or European regulations or changes to prices or other market conditions) could adversely affect the Society's viability and financial performance

- Changes in laws, regulations, government policy or applicable UK tax arrangements (including any changes to bases of taxation, tax relief and rates of tax) may affect the Society and the attractiveness of an investment in a Society.
 - Financial projections - The Directors have used financial advisors to assist in the production of financial projections and provided them with the relevant assumptions upon which the projections are based. The financial projections show that the business (including the intended target Member payments) is viable on this basis at the time of the Offer based on the installations specified in this Document. Actual results, performance or achievements may differ from those expected due to known or unknown risks, uncertainties and other important factors
 - The Society's business may be affected adversely by changes in economic, political, administrative or other regulatory forces.
 - Information, opinions and quotations in the Document are as at the date of writing and may change without notice. We are under no obligation to ensure that such updates are brought to the attention of any recipient of this Document.
 - This Document has been prepared on the basis of current legislation, Rules and practice and the Directors' interpretation thereof
 - Inflation - Feed-in Tariff payments are set by the UK Government and increase each year in line with the Retail Prices Index inflation.
- (cont)



If long-term inflation is higher than the RPI assumption used in the base case projections, then the income received from Feed-in Tariff payments will increase, but so will costs. As both income and costs are linked to inflation in this way, the overall effect on investors of changes to assumed inflation are believed to be modest.

- Feed-in Tariff - Depending on the size of the final solar PV array for each site, the tariff received may be lower than anticipated in the Financial Model.

Energy and renewable energy industry risks

- Installation costs may be higher than expected: however, the cost assumed in the financial analysis is based on recent quotations
- Solar PV panel performance projections are based on methodologies commonly used by the industry, but long-term changes to weather patterns and/or equipment underperformance may result in lower levels of electricity generation and therefore income
- Abnormal short-term weather conditions could affect expected levels of electricity generation and therefore income, although overall patterns outside anticipated parameters are unlikely
- Although modern solar PV panels are reliable, technical failure can interrupt the generation of electricity or the distribution network and lead to unexpected costs. Manufacturer warranties and guarantees, and system maintenance provide some protection.
- The companies who provide warranties and guarantees in respect of the Plant and equipment may default or may not have sufficient resources to support their obligations. In this case, South Somerset Community Energy would need to incur higher costs in rectifying any issues that would otherwise have been rectified under those warranties and guarantees. The RECC assurance scheme provides some protection.

Risks in relation to the Offer

- The planned installations may take longer than presently estimated which could delay the Society's ability to pay Share Interest
- If the Minimum Amount is not reached or the pre-accreditation applications for the projects are turned down, then the Board will return all shareholding monies received. There will be no deduction of issue costs.
- If the number of projects pre-accredited requires less than the capital subscribed, there will be a partial repayment of capital invested.
- The target maximum to be raised through the Share Offer may not be reached meaning fewer projects can be completed.
- While the Society has advance assurance of EIS tax relief from HMRC, there can be no guarantee that this status will be maintained. Furthermore the Society can make no guarantee that individual shareholders will be eligible to claim such relief.





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Terms and conditions of the offer

Eligibility

The Offer is open to Members of (existing investors in) South Somerset Community Energy.

Minimum and maximum holdings and pricing

The minimum number of Offer Shares which can be applied for under this Offer is 500. The maximum shareholding per Member (for any person other than another Community Benefit Society) in the Society is 25,000. Each Offer Share is £1.

Commitment on Application

Applications and payments can be submitted by following the Application procedure set out in Appendix A. By delivering an Application an Applicant offers to subscribe on the Terms and Conditions contained in this Document for the number of Offer Shares specified, or such lesser number of Offer Shares, as may be allocated by the Board in the event of an oversubscribed Offer. Once an Application has been made it cannot be withdrawn by the Applicant. This Document is the only market offering in respect of the Offer Shares.

Commitments by Applicants

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

- meets the eligibility criteria.
- is not making Applications for a total of more than 25,000 Offer Shares in the Society.
- is not relying on any information or representation in relation to the Offer Shares, the Society, or its activities which is not included in this Document.
- will provide all additional information and documentation reasonably requested by the Society in connection with their Application, including as may be required to meet applicable taxation, money laundering or other legislation. Any person signing an Application Form on behalf of another person undertakes that they are duly authorised to do so and must provide a copy of the authority under which they have signed it upon submitting the Application.

Offer timetable

The Offer timetable is set out in Section 7 of this Offer Document.

EIS scheme

HMRC has given advance assurance that the share offer will be eligible for the Enterprise Investment Scheme (EIS) - see Appendix B. (Since the Society has previously issued £150,000 of Seed Enterprise Investment Scheme (SEIS)

shares, the presently offered shares will not be eligible for SEIS).

Procedures on receipt of Applications

Application Monies from an Applicant must be paid in full on submitting an Application. Cheques (and alternative means of payment) may 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 all Applicants' cheques. The Society will use reasonable endeavours to return Application Monies in respect of all unsuccessful Applications (or in respect of the proportion of an Application which is unsuccessful in the event of an oversubscribed Offer) to Applicants within 4 weeks of the Close following the Application. The Offer will be closed at the end of the Offer Period, and may be reduced or extended at the discretion of the Directors. When Application Monies (or any part thereof) are returned by the Society to Applicants they may be made by bank transfer, where the Applicant has supplied appropriate account details, or by crossed cheque, payable to the Applicant, sent to the postal address on the Application Form. Any such payments so transmitted shall be transmitted at the risk of the Applicants.

Applications may be rejected in whole, or in part, or be scaled down, by the Board without reasons being given. Incomplete or inaccurate Application Forms may be accepted as if complete and accurate. Multiple Applications from the same Applicant will be allowed providing that they would not, if accepted, result in a Member holding more than the limit of 25,000 Offer Shares in the Society. The Society reserves the right not to enter into correspondence with Applicants pending the issue of Share Certificates or the return of Application Monies.

The Offer is a single Offer for the market as a whole and tranches of Offer Shares are not reserved for any category of Subscriber.

Time constraints on the Offer and undertake thereto

As explained in the Chairman's Introduction, this offer is necessarily made in a narrow time window, and assumes that the applications for pre-accreditation of the subject projects are

partially or totally successful.

As this is not certain, we therefore undertake the following:

- **If you decide to invest, and insufficient pre-accreditation applications are successful to go ahead in a viable way, we will refund your money by buying back the issued shares**
- **If you decide to invest, and circumstances prevent us from issuing share certificates by November 30th, we will also refund your money by buying back the issued shares**

In case of oversubscription

If Applications are received for an amount that exceeds the amount needed to complete the projects that the Board decides to proceed with, the Directors reserve the right to scale down and/or reject some Applications. If this is necessary, priority will be given to Applications by those resident within the area administered by South Somerset District Council.

Finalising the Offer

The Directors intend to publish details about whether the Offer Shares applied for have reached the Minimum Equity Shareholding and (if applicable) the Maximum Equity Shareholding online at www.southsomersetcommunityenergy.co.uk.

The Society shall have no liability to pay any interest on such Application Monies either until they are applied in paying up Offer Shares or until they are returned. While Application Monies are being so held, the Society undertakes to Applicants not to use such funds, subject to the Minimum Amount being reached at which point costs incurred by the Society in connection with the Offer will be paid. The Society intends to
(cont)



issue welcoming letters and Share Certificates to successful Applicants of the allotment and issue of Offer Shares prior to November 30th 2015. The Board will not approve any Share transfers or withdrawals (each in accordance with the Rules) prior to the issue of Share Certificates.

Consequences if the Offer is Unsuccessful

If less than the Minimum Amount is raised or the applications for pre-accreditation are refused, or the Board considers that for these or any other reason it is not likely to be able to proceed with the business plan, Application Monies will be returned to the Applicants in full.

Governing Law

This Document and the Terms and Conditions and any dispute or claim arising out of or in connection with them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and the courts of England shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Document or the Terms and Conditions or their subject matter or formation (including non-contractual disputes or claims).

Governing Law

This Document and the Terms and Conditions and any dispute or claim arising out of or in connection with them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and the courts of England shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Document or the Terms and Conditions or their subject matter or formation (including non-contractual disputes or claims).





Appendix A: application guidance

Before completing the Application Form

You should consider taking appropriate financial or other advice, particularly in relation to any aspect of the Document which is not clear to you. Your attention is particularly drawn to:

- The Risk Factors set out in this Document relating to an investment in the Offer Shares;
- The Terms and Conditions of the Offer set out in this Document. By completing the Application Form you will make an irrevocable Offer which may be accepted by the Society; and
- The Rules of the Society available on www.SSCom.Energy, because by subscribing for Offer Shares you will become a Member of the Society and be bound by those Rules.

The price of each Offer Share is £1. You should decide how many Offer Shares you want to subscribe for and put that number in the relevant box in the Application. The minimum number of Offer Shares you can apply for is 500. The maximum number of Offer Shares you can apply for in the Society is 25,000. Any annual interest payments (and any other distributions) will be based on the number of Shares you hold, and you will have one vote, regardless of the number of Shares you hold.

You may apply as an individual providing you are over the age of 18.

The Application and Payment

Subject to the Terms and Conditions, an Application is considered to be validly submitted when the Society has received both the Application Form and the Application Monies which relate to it.

The application form may be found at the end of this document.

- Please print this out, fill it in and send it, either scanned and attached to an email, or through the post to 10 Summerlands, Yeovil BA21 3AL
- If you wish to subscribe by an on-line application, we will set up this facility on our web-site www.SSCom.Energy, as soon as possible

Payment.

- You should make payment for the exact amount shown in the box under 'Amount to invest' in the Application. If there is a discrepancy between the amount shown in that box and the amount presented for payment, we may at our discretion accept your Application for Offer Shares up to the value of your cleared payment, or reject your Application without further communication.
- Payment may be made either electronically or by cheque through the post, but it and the application form must be received by midnight on 26th November 2015
- Electronic payments should be made to our account at the Unity Trust Bank plc

Account name: South Somerset Community Energy Society Ltd

Account number: 20349686

Sort Code: 60-83-01

In the Reference, please put your surname and the words "Offer 2"

Your application will be processed in accordance with Section 8 – Terms and Conditions of the Offer

Declaration

In signing the Application Form or in submitting an Application online, as an individual, you are personally making an irrevocable Offer to enter into a contract to subscribe for Offer Shares with the Society, subject to the Terms and Conditions. Under Money Laundering Regulations 2007, 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.



Appendix B: advance assurance of EIS and SEIS eligibility



**HM Revenue
& Customs**

South Somerset Community Energy Society Ltd
10 Summerlands
Yeovil
Somerset
BA21 3AL

**Local Compliance
Small Company Enterprise Centre
Mid-size Business S0777
Newcastle
NE98 1ZZ**

**Tel 03000 588907
Monday to Friday 09.00 to 16:30**

Fax 03000 588901

www.hmrc.gov.uk

Date 15th May 2015
Our ref LC/MSB/S0777/1895911901/SCEC/ELT
Your ref

Dear Sirs,

South Somerset Community Energy Society Ltd

I refer to your advance assurance request dated 16th April 2015.

Seed Enterprise Investment Scheme (SEIS)

On the basis of the information provided, I would be able to authorise the company to issue compliance certificates under Section 257EC(1) ITA 2007 in respect of the SEIS shares to be issued, following receipt of a form SEIS1 satisfactorily completed.

Enterprise Investment Scheme (EIS)

On the same basis, I would be able to authorise the company to issue compliance certificates under Section 204(1) ITA 2007 in respect of the shares to be issued, following receipt of a form EIS1 satisfactorily completed.

I would remind you that, for both EIS and SEIS, the conditions relating to the company and its trade have to be complied with throughout the three year period related to the shares.

A form EIS 1 can be downloaded from www.hmrc.gov.uk/forms/eis1.pdf. Form SEIS1 is at www.hmrc.gov.uk/forms/seis1.pdf.

Yours faithfully

Mrs E Tredgett
HM Revenue & Customs

Information is available in large print, audio tape and Braille formats.
Text Relay service prefix number – 18001

Assistant Director: Colin Wood





Appendix C: members of the board

John Clark BSc (Hons) MBA (Exec)



The Secretary and original founder of SSCES, John is experienced in engineering, business management and marketing through senior engineering and marketing positions in Westland Helicopters, as a main board director of Westinghouse Brake and Signal Holdings, and as Managing Director of Control and Display Systems Ltd. Achievements included being designer-in-charge of an £82m helicopter project which met all its design targets, managing a team of 850 aerospace engineers, and winning an order for railway signalling value £836m.

For 3 years John was the founding Chairman of the 'Chippenham Vision' set up by Wiltshire Council to unify the voice of all the public and private stakeholders in the town and provide a masterplan. John was elected on May 7th 2015 to be a South Somerset District Councillor for Yeovil - West. John has developed a wide network of individuals and agencies concerned with voluntary environmental assistance and programmes.

Dr. Chris Adcock, BSc PhD



Originally trained as a physicist at Exeter University, Dr. Chris Adcock worked as a system analyst and project team leader in the maritime defence field from 1977 until retirement in 2014.

Chris passed an Open University Course in 2007 "Energy for a Sustainable Future", with distinction.

He is extending his range of experience and opportunity into the field of energy sustainability through becoming a founder Director of South Somerset Community Energy. Chris is Chairman of the Westfield Community Association, an active community group in Westfield, Yeovil, that includes one of the more

deprived areas in Somerset. As part of this he also chairs the support team for the local youth club, Westyouth.

He is a member of the Energy Institute. He is an experienced scuba diver and enjoys travel, walking, nature, cycling, DIY, gardening and social life.

David J. Rabone, C.Eng. MIMechE. BSc (Hons)

David was Deputy Chief Power Systems Engineer and Designer-in-charge of a major project at Westland Helicopters, Yeovil until he



was forced to retire on medical grounds, having developed the symptoms of Dystonia (a neurological condition which has similarities with Parkinson's Disease and MS).

Despite not being able to recover from this disease, David has led an active life working for his community and charity, playing a major part in the main body researching into Dystonia.

He has raised over £30,000 for local and national charities, and been a Trustee and Treasurer of the Dystonia Society. He is currently a Parish Councillor, Trustee for the local village hall, group leader for the local U3A history group, and organises a weekly coffee morning as an outreach service to the old and infirm for the local church.

David is married to Judith and has two grown-up children.



Share Application Form



**SOUTH SOMERSET COMMUNITY
ENERGY SOCIETY LTD**

I wish to invest a total amount of £

in Offer Shares in South Somerset Community Energy Society Limited on the terms and conditions set out in the Document at the price of £1.00 per Offer Share.

You may invest not less than £500.00 and not more than £25,000.00 (please refer to terms and conditions on maximum holding per member). If sending this form by post we can only accept payment by cheque made payable to South Somerset Community Energy. The cheque must be included with the Application Form.

Application details

Title (please circle): Mr / Mrs / Ms / Other

Forenames: **Surname:**

Date of Birth: / /

Address:

Postcode:

Previous address (if Applicant has lived for less than 3 years at the current address):

Postcode:

Daytime Telephone: **Email Address:**

We prefer to save paper as far as possible by communicating electronically.

Please tick if:
You are willing to receive future communications solely by email

You are willing to receive any future distributions by bank transfer

If so, Account Name:

Account No: **Sort Code:**

Declaration

I understand that the payment supporting this Application will be presented upon receipt and I warrant that it will be paid on first presentation.

I understand that my application will be handled by South Somerset Community Energy and that they may need to contact me for further information to be able to complete my order.

I understand that:

- this Application may not be withdrawn and if and when accepted by the Society forms a contract subject to English law on the Terms and Conditions of the Document
- If the Offer is oversubscribed it is possible that an otherwise eligible Application will not be accepted in part or in whole; and that if insufficient funds are raised by the Offer, my shareholding may be returned.

I confirm that:

- I have read the Document, including the Risk Factors, the Rules and the Guidance Notes to this Application Form and am not relying on any information or representation in relation to the Offer which is not included in the Document;
- I am 18 years or over and the Applicant meets the Offer eligibility criteria;
- I am responsible for obtaining any financial and tax advice concerning this Offer and I have not relied on the Society or its advisers for any such advice;
- The Society is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application;
- The Applicant is not making an Application or multiple Applications for a total of more than 25,000 Shares in the Society;
- The Applicant 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 your identity;) and
- If signing this Application on behalf of any person/organisation, I have their explicit authority;
- I understand if my Application is successful I will become a member of the Society and agree to be bound by its Rules.

Signature: **Date:** / /

Please also TICK these boxes is applicable:

I am U.K Tax Payer **I am a resident of the South Somerset electoral district**

Generating Interest



**SOUTH SOMERSET COMMUNITY
ENERGY SOCIETY LTD**

Registered office:

10 Summerlands
YEOVIL,
Somerset,
BA21 3AL