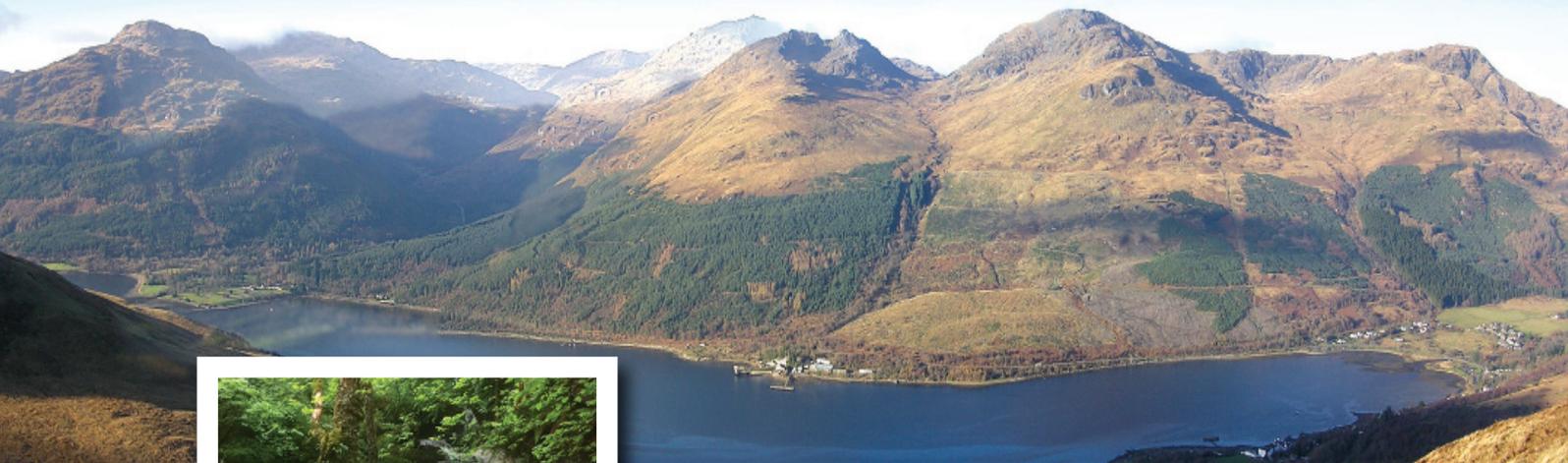


You are invited to be part of

# Arrochar Community Hydro Society

Offer Shares: £660,000 - Closing Date: 7th July 2017



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**16 June 2017**

# Chairman's Welcome

16 June 2017

Dear Potential Arrochar CHS Member

Arrochar Community Hydro Society for the Benefit of the Community Limited ('Arrochar CHS') is a new Society set up to construct a new hydro electricity generation project above Arrochar in Argyll & Bute, Scotland on a water course that previously served as its water supply. The Project will result in reducing carbon dioxide emissions and will also enable the creation of a Community Benefit Fund for the benefit of local people and to further the objectives of the Society. **Arrochar CHS needs the money from this Share Offer as soon as possible so that it can be sure it has enough cash to build the project and meet the Feed in Tariff deadline of 18 March 2018** whilst it remains available. Work is due to begin on site in July 2017.

Arrochar CHS is a venture for the benefit of the community and is an ethical, community-based social enterprise designed to construct a renewable energy source and to contribute financially to its local communities. The current Board of Arrochar CHS consists of Arrochar and Tarbet Community Development Trust director Duncan MacLachlan and two representatives from Energy4All. Luss Estates, which own the land on which the hydro project will be built, will also have a seat on the Board

The Site has planning consent, landowner agreement, a CAR Licence (from SEPA, to allow the use of water from the An t-Sreang burn to generate electricity) and a contract with SSE to connect to the electricity distribution network. The Hydro installation will consist of one 125kW turbine manufactured by a reputable company and associated civil engineering works. Arrochar CHS intends to make contributions from Arrochar CHS's income on an equal basis to Arrochar and Tarbet Community Development Trust and the Luss and Arden Community Development Trust for the benefit of the local communities, through a Community Benefit Fund.

We want as many people as possible, especially local people, to join Arrochar CHS. All Members are important to us, and we welcome all contributions from £250 to £100,000. We think the Society structure will appeal to people who may not have considered this type of project before. This Share Offer Document sets out the opportunity to participate in Arrochar CHS, enabling you to support the generation of renewable energy, help tackle energy security and climate change, and reduce your carbon footprint, support the local community financially.

The average rate of return on capital over the 20 year expected life of the Feed in Tariff payments from the Financial Projections is 5%. Please remember these are our current best estimates at this stage.

Energy4All, which is assisting Arrochar CHS with this Share Offer, is the leading social enterprise in the UK for establishing community owned renewable energy schemes. Energy4All won the prestigious 2012 Ashden Award for its work.

The Share Offer will close when fully subscribed or on 7 July 2017 unless extended.

## How to Apply

An Application Form with details of how to apply for shares is attached at the end of this Share Offer Document. The maximum subscription for individuals and businesses is £100,000 and the minimum is £250. Please read this Share Offer Document and consider the risks, including those set out on pages 6 and 7. You should consider taking appropriate financial and other advice before making your decision. I look forward to welcoming you as a Member of Arrochar CHS.

Yours faithfully



Jim Lee  
Chair of Arrochar CHS

# Summary

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Potential Members should note that:

- The Summary should be read as an introduction to the Offer Document
- Any decision to participate in the Shares should be based on consideration of the Offer Document as a whole

1. **The purpose of Arrochar CHS** Arrochar CHS was established in 2017 for the purpose of constructing and operating a hydroelectricity site to produce renewable energy, as a benefit to the communities of Arrochar and Tarbet and Luss and Arden. Arrochar CHS will support projects in both communities through a Community Benefit Fund.
2. **The Content of this Offer Document** This Offer Document has been prepared by Arrochar CHS and its Directors, who are responsible for the contents.  
Technical and other words or phrases used in this Offer Document with a particular meaning are defined and explained in the Glossary. *No advice on investments is given in this Offer Document by Arrochar CHS or its Directors in relation to it. If any person has any doubt about the suitability of the investment which is the subject of this Offer Document they should contact an appropriate authorised person for advice on investments.*
3. **Purpose of this Summary** This Summary is intended to provide an overview of the Offer.
4. **Arrochar** Arrochar CHS is a Society for the benefit of the community registered with the FCA (Registered Number 7145) under the Co-operative and Community Benefit Societies Act 2014. It is managed for the benefit of the community and owned by its Members, who are protected by limited liability status. Its constitution is in the form of Rules approved by and registered with the FCA. The founders of Arrochar CHS are driven by high ethical standards as defined by the international co-operative movement and intend to operate the Society in line with the values of co-operation and democracy as well as a sound commercial ethos. Constitutionally, key characteristics of Arrochar CHS, as a Society, are: the Society operates for the benefit of the community; a Member must have the minimum number of Shares each with a nominal value of £1; all Members have one vote regardless of how many Shares they hold; no Member, except another Society, may hold more than 100,000 Shares; the Board is elected by the Members; and only Members are eligible to serve on the Board.
5. **The Site** is located above Arrochar, Argyll & Bute in Scotland. Planning permission was obtained in July 2015.
6. **The Offer** Through this Offer, Arrochar CHS proposes to raise up to **£660,000**, by the issue of Shares at £1, payable in full on application, to construct a **125kW** hydro electricity generating plant. The Offer will give local people an opportunity to participate in renewable energy generation. The principal appeal is to people who are interested in supporting progressive environmental and social purposes while getting projected reasonable returns on their capital. This Share Offer is not covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme.
7. **Environmental considerations** Arrochar CHS will be an ethical and environmental enterprise, enabling people to make a real contribution to the development of renewable energy in their communities; and also to the UK's response to climate change and energy security. The local communities will be supported financially through the Community Benefit Fund.
8. **Shares** Members should regard Shares as a long term proposition. The Financial Projections and the prospect of a reasonable return for Members are based on expert advice and experience derived from other Energy4All projects. Financial Projections are by nature uncertain, illustrative only and must not be taken to be an indication of any assurance about the ultimate return of capital or any level of return. Members are expected to begin to receive a return from Arrochar CHS from the accounting period ending 30 June 2019, on the basis that it is anticipated that the Hydro Turbine will have commenced generation by December 2017. Projections indicate an interest rate on Shares of 4% per annum for the first accounting period to 30 June 2019.

The Lease is intended to run for 21 years, but your holding of shares is for a minimum of three years from commencement of trading. Members do not have the right to withdraw share capital but the Board has the power to permit its shares to be withdrawn or to redeem shares. There are no arrangements or binding commitments in place to enable a realisation of shares. As an indication of an exit route, Arrochar CHS currently envisages, if it has sufficient funds and members agree, that shares in Arrochar CHS might be disposed of by making available some of its capital for redemption of shares at the end of three years; and as an indication of an exit route currently envisages it might redeem shares each year thereafter. Otherwise all shares are intended to be redeemed by year 21. Shares would be redeemed in proportion to Members' shareholdings and at the par value of £1. After year 20 profits will be much reduced because of the ending of the Feed in Tariff payments; remaining profits thereafter will go to the Community Benefit Fund.

Arrochar CHS are in negotiation with the Luss Estates about extending the Lease to 40 years. If this length of lease can be attained, the project will continue to provide community benefit to the communities from year 21 to year 40 with all surplus revenue going to community benefit.

9. **Financial information** Arrochar CHS will only start to trade once generation commences, thus no accounts have been drawn-up to date.
10. **Project Management** The following preliminaries have been completed or are well advanced in respect of the Project, the cost of which has been covered by a loan from CARES (Community & Renewable Energy Scheme):
- Planning Permission has been obtained and planning conditions discharged;
  - Ofgem has confirmed the Feed in Tariff rate;
  - Legal Agreements have been reached with the landowner;
  - A grid connection has been offered and accepted;
  - A CAR Licence has been obtained from SEPA:

Contracts have been agreed with Highland Eco for design and build and Gregor Cameron Consultancy for project management. The contracts will be signed after the share offer has raised sufficient cash to complete the installation. Highland Eco will be responsible under the contracts for organising contracts for civil engineering works and for the supply of the turbine.

The Board will be responsible to the Members for the management of the Project providing regular management reports.

11. **Risks** All commercial activities carry risk. Your attention is drawn to the specific risks on pages 6 and 7, which you should take into account before taking up Shares. Risks include:
- i. General risks related to the Shares (the Shares are not transferable and will not be traded on any recognised stock exchange, the Share Offer is not regulated and so is not covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme);
  - ii. Risks specific to renewable energy (government policy, weather patterns, technological and operational efficiency, electricity prices and business costs can fluctuate, there is the possibility of obsolescence); and
  - iii. Risks specific to this commercial opportunity (e.g. returns are not guaranteed and may not be realised, delays in construction could mean higher costs or if the delay is significant, could mean that the Project qualifies for a lower rate of Feed in Tariff, climate change could have unexpected consequences, contractors could fail to meet their obligations).
12. **Offer timetable** The Offer Period will close on 7<sup>th</sup> July 2017, but will be closed early in the event that Applications received amount to the Maximum Capital Sum (£660,000) before the end of the Offer Period. The Offer will run on a first come, first served basis.
13. **How to apply** An Application Form, with details of how to take up Shares, is attached to the end of this Offer Document. The minimum number of Shares is 250 and the maximum amount is 100,000. Those interested in Shares should do so only after reading this Offer Document in full and taking appropriate financial and other advice.

# Risk Factors

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All commercial activities carry risk, and potential Members should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this opportunity. Shares are a participation in a trading business not a loan or deposit. Attention is drawn to the following:

## General risks relating to the Shares

- Investing in Shares is not the same as investing money in a bank account as your capital is at risk and you could lose up to, but not more than, your entire investment. An investment in the Shares is not covered by the Financial Services Compensation Scheme.
- The value of your income from the Shares can fluctuate and you may not get back the amount you subscribed. Smaller unquoted businesses such as Arrochar CHS are likely to involve a higher degree of risk than larger companies and stock exchange investments.
- Shares will not be traded on a recognised stock exchange or otherwise. Shares are not under existing Rules transferable except on death or bankruptcy.
- Shares can be redeemed by Arrochar CHS at par value in accordance with the Rules but are not withdrawable by Members without prior approval from the Board, which cannot be guaranteed. If Arrochar CHS lacks sufficient cash to enable Shares to be withdrawn when desired, withdrawal may be delayed, or may not be possible. Shares should be seen as a long term proposition.
- The Share Offer is not regulated and is therefore not covered by the Financial Ombudsman Service or the Financial Services Compensation Scheme.
- A contract for the construction of the project has not yet been signed. However, a principal contractor, Highland Eco, has been selected and a start date and programme agreed with them. Highland Eco has confirmed that it has the capacity available to complete construction of the project within the Feed in Tariff deadline. Subject to sufficient funding being raised through this share offer, the construction contract can be put in place.
- Planning permission, a CAR licence and grid connection consent was received for a larger hydro project on the same location. The variation to the project requires further consents which are awaited. The project will not go ahead unless they are in place. The Board of directors will not sign the construction contract and commence expenditure of the share capital raised without the necessary licences and planning permission amendments being confirmed.
- The terms of a 21 year lease have been agreed between the Arrochar CHS and the Luss Estates and a contract to enter into a lease on these terms is in place. The detailed drafting of the lease will not be complete before commencement of project construction but the directors of Arrochar CHS have been provided with legal advice that the contract provides sufficient certainty of entering into the lease as soon as possible.
- A site condition survey has been carried out and because of the ground conditions encountered, the design of the hydro scheme was revised to ensure the project was viable. It is not expected that ground conditions encountered during construction of the current proposed scheme will introduce delays in the construction programme, nevertheless any construction activity, and in particular excavation for installation of a long pipe-run, could meet with unfavourable ground conditions leading to delays which could potentially affect the Feed in Tariff price.
- Unfavourable weather conditions can have an impact on a construction programme. It is intended to commence construction in July 2017. This will allow installation of the pipe before the work is potentially hampered by very wet or wintry weather.

## Renewable energy industry risks

- Government policy towards renewable energy has changed and may change again in the future.
- New inventions and developments may render existing technologies and equipment obsolete.
- Assumptions of future electricity prices used in the Financial Projections may turn out to be incorrect.
- Atypical short-term weather conditions could affect expected levels of electricity generation and therefore income, although overall patterns outside anticipated parameters are unlikely.
- Although modern Hydro Turbines are extremely reliable, mechanical or technical failure can interrupt the generation of electricity or the distribution network, leading to unexpected costs. Manufacturer warranties and guarantees, insurance and regular servicing, usually offer some protection.

## Risks in relation to the Offer

- The projected rates of return to Members of Arrochar CHS are not guaranteed and may not be realised.
- The planned Hydro Electricity installation may take longer than presently estimated.
- The contract for turbine supply has not yet been signed.
- The Financial Projections assume the Project will qualify for the Feed in Tariff of 13.14p per kWh; however this will only be secured if the Project is commissioned before 18 March 2018. If the timetable slips, the Project may only qualify for a lower Tariff.
- Equipment purchased by Arrochar CHS should be supported by the usual guarantees and warranties from companies believed by Arrochar CHS to be financially strong, but equipment suppliers, contractors or other contracting parties with Arrochar CHS could fail to meet their obligations.
- The Financial Projections, derived from expert advice and experience gained from other Energy4All projects, may not be accurate.
- The Financial Projections are based on the assumption that the water flow will be sufficient to produce approximately 411,970kWh of electricity annually. There is a risk that this amount of electricity will not be generated either due to a reduced level of water flow or due to the performance of the Hydro Turbines falling below the manufacturer's projections.



Jim Lee - Energy4All - Project Officer Scotland next to An t-Sreang water course

# Persons Responsible

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Arrochar CHS and its Directors are responsible for the information given in this Offer Document.

The Directors are:

Duncan MacLachlan, Annette Heslop and Jim Lee. The co-op will co-opt more directors from the local area and a nominee from the Luss Estates.

## DECLARATION

**Arrochar CHS and each of its Directors** whose names are set out above hereby **declare** that having taken all reasonable care to ensure that such is the case, the information contained in this Offer Document is to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.



An aerial view of Arrochar and Loch Long.

# Background:

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## **Arrochar Community Hydro Scheme**

The Arrochar and Tarbet and Luss and Arden Community Development Trusts have been working together since 2013 to develop a community hydro project at the An t-Sreang burn above Arrochar. They have set up Arrochar CHS to manage the scheme with the support of Energy4All. The Arrochar CHS intends to distribute the profits from the project on an equal basis between the two development Trusts. Both trusts have Community Action Plans compiled through local consultation and working with their local Community Councils. The trusts aim to improve the quality of life for residents, especially the young and the elderly within their rural locations. A priority for both trusts is operating and maintaining community hall facilities that provide a social, cultural, recreational and educational hub for residents. Income from the hydro project would help to stabilise and sustain continued provision of this vital community asset and service.

## **Energy4All**

Energy4All is a non-profit distributing social enterprise that promotes and facilitates community ownership of renewable energy in the UK. The basic idea is that new social enterprises will be established to undertake renewable energy projects, which will be controlled by their community and provided with technical expertise and management by Energy4All. Energy4All seeks to recover costs and provide for future development work from its fees. Any profits that arise are used by the company for the furtherance of its aims and objectives. Each new enterprise is paid for by the success of older enterprises, and it in turn supports the enterprises of the future.

To date, Energy4All has promoted twenty three co-operatively owned projects, including Arrochar CHS. Arrochar CHS is the second Hydro Electric project that Energy4All has supported in Scotland, the first being the UK's largest Community Hydro Scheme at Rumbling Bridge in Perth & Kinross which was commissioned in September 2016. The other community co-ops are: 11 wind turbine projects, 6 roof top solar projects. One ground mounted solar co-op and a wood heat project. Energy4All has raised over £50m for Community Share offers and manages over 13,000 members.

Energy4All were involved in creating the first community project in Northern Ireland - Drumlin Wind Energy. They also worked with Marks & Spencer creating the first community energy project with a major retailer.

# Information on Arrochar CHS and the Site

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Eastern Community Energy Society Ltd was first registered with the FCA on 23 June 2015 but has never traded. The FCA accepted a name change to Arrochar CHS on 13 June 2017. It is incorporated as a society for the benefit of the community with registered number 7145. A change of Registered Office will also be registered to 3 Villages Hall, Shore Road, Arrochar, Argyll & Bute, G83 7AD.

**Note:**

*A Society for the Benefit of the Community ('Society') is a legal form providing the structure of Arrochar CHS. Such Societies are operated for the benefit of the community. Members elect directors and each member has one vote in a members' meeting regardless of the number of shares held. Members are protected by limited liability and are only obliged to contribute the initial cost of their shares. A Society is governed by Rules, largely in standard form, which are approved by and registered with the FCA. A copy of Arrochar CHS's Rules is available for viewing at [www.arrocharhydro.coop](http://www.arrocharhydro.coop)*

## Objects of Arrochar CHS

Rule 4 states that:

The objects of the Society shall be to carry on any business for the benefit of the community and to:

- a) reducing climate change emissions, alleviate fuel poverty, improve energy security and help to foster sustainable development by working with likeminded organisations, through supporting projects and educational work and such other activities as the members shall agree by amendment to these Rules from time to time and;
- b) be Involved in and support the development, installation, management, operation, generation, transmission and provision of the supply of energy from renewable energy and low carbon sources; and
- c) the conservation of energy through advice on energy efficiency including energy efficient products and the supply of energy efficient products

## Members

The following are some of the key constitutional characteristics of Arrochar CHS:

- Members provide capital and are rewarded by a return which is sufficient to attract and retain the capital necessary for the Society's activities
- a Member must have the minimum number of Shares (250);
- there is only one class of Shares with a nominal value of £1;
- all Members have one vote regardless of how many Shares they hold;
- no Member, other than another Society, may hold more than 100,000 Shares;
- the Board is elected by the Members and only Members are eligible to serve on the Board;
- Shares are transferable only on death or bankruptcy;
- at the discretion of the Board, Shares may be withdrawn by Members at the price paid for them; and
- the Board may redeem Shares at the par value of £1 per Share in proportion to Members' shareholdings.

The accountants of Arrochar CHS are Melville & Co based in Barrow –in-Furness, who were the UK Top Rated Accountants with vouchedfor in 2015 & 2016.

## Principal Activities

The principal activity of Arrochar CHS is the construction and operation of a 125 kW Hydro Turbine on the Site above Arrochar.

## Social Benefits

Arrochar CHS's business activities are aimed at reducing carbon dioxide emissions through the generation of renewable energy at the Site and through funding projects that support the objects of the Society and priorities identified by members and local people, through the Community Benefit Fund. Each Member of Arrochar CHS will be benefiting the community

through reducing their carbon footprint and contributing to the fight against climate change in a practical and measurable way.

## The Site

The Arrochar Site is located at the An t-Sreang burn, above Arrochar, in Argyll & Bute, Scotland.



	Drawing Number:	Description:	Scale at A3: 1:5000 	Drawn by:	Date:	Burnside, Cloan, Auchterarder, PH3 1PP tel: 01764 689833 email: info@highlandeco.com web: www.highlandeco.com		1 of 2
	160120002-03	Site Location		LW	16/03/2017			
				Checked:				
				DCL				

Map Showing Location of the Hydro Scheme

## Construction of the Hydro Plant

Originally, planning permission for the Project was obtained in July 2015 for a larger hydro project at the same location. Site investigations revealed ground conditions which potentially made this larger project unviable. The project has been redesigned in light of these ground conditions and the size reduced. An amendment to the original planning permission has now been received. The larger project was granted a CAR licence from SEPA and grid connection permission from SSE. The permission to vary the grid connection has now been received and an application to vary the CAR licence is awaited.

A reputable hydro contractor, Highland Eco, has been in discussion with the community development trusts and Arrochar CHS and has supported the early development of the project including site investigations and redesign.

Highland Eco are to be contracted by Arrochar CHS should this share offer raise sufficient funds to allow the project to go ahead. Since incorporation in 2009 Highland Eco has successfully secured consents for over 2 MW of micro-hydro capacity. They have worked with, or are continuing to work with, a number of community groups and are members of the British Hydropower Association and Scottish Renewables. The company has confirmed that it has sufficient capacity to deliver the project on time subject to a start date in July 2017.

## Grid connection

The Site is in the area of operation of SSE Power Distribution. SSE Power Distribution has provided a Grid Connection to Arrochar CHS with a connection date of December 2017. A deposit and subsequent stage payment have been paid to secure this offer. SSE Power Distribution will programme their work to connect the Site to the electricity grid in time for the delivery of the Hydro Turbines to Site. The connection will be made using an underground cable to a connection point near the fire station in Arrochar. The balance of the connection cost is payable to SSE Power Distribution, with the final payment on 30 June 2017. Funding is available from a CARES loan to meet this payment.

## **Tender Process**

### **Hydro Turbine**

Highland Eco will arrange for the supply and installation of a 125kW turbine and associated equipment.

### **Civil Construction Works**

The Civil Engineering works comprise:

- an intake weir to abstract water from An t-Sreang;
- 578 m of pipeline 400 mm diameter;
- a powerhouse to house the turbine and ancillary equipment; and
- a tailrace pipeline and outfall to return water to An t-Sreang.

Project Management will be carried out by Gregor Cameron Consultancy which was established in 2008 and provide a professional project management & development service to private, public and third sector clients in new build housing and renewable developments across the West of Scotland.

### **Energy Yield**

A hydrological assessment has been carried out to calculate the potential flow that can be expected at the location of abstraction of water from the burn. The scheme is predicted to produce an energy yield of 411,970kWh in a year of average rainfall.

Based on the predicted flows in the An t-Sreang burn, taking into account the compensation flows required to maintain a minimum level of water in the section of the burn between the intake and turbine, the capacity of the turbine has been selected to optimise the generation capacity of the Project.

The Hydro Turbine will benefit from the usual manufacturer's warranty and an operation and maintenance agreement. As the Hydro Turbines age, mechanical parts may need replacing, but modern Hydro Turbines are normally extremely reliable. After commissioning of the Hydro Plant, Gregor Cameron Consultancy will manage the ongoing operation and maintenance aspects of the Project for Arrochar CHS.

# Operating and financial review

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## Commencement of Operations

Arrochar CHS will commence trading when the Hydro Turbine begin generation, anticipated to be by 18 March 2018.

## Operational Cash flow

Apart from the capital requirements of the Project and obligations to third party suppliers, Arrochar CHS has a limited requirement for working capital in the conventional sense, as it has no employees and few fixed costs.

Normal monthly cash expenditure is projected to be small and to be amply covered by the sale of electricity and the Feed in Tariff payments. The Financial Projections anticipate that Arrochar CHS will be cash positive each year from the commencement of operations.

## Capital Costs

Planning, development & management costs	£91,580
Grid Connection	£78,244
Turbine & installation costs	£413,176
Development fees	£20,000
Interest on CARES loan	£21,000
Share offer costs	£18,000
Legal costs	£18,000
<b>Total</b>	<b>£660,000</b>

To date, the CARES loan has covered expenditure on the above items up to £142,000. Interest will be charged on the CARES loan at a rate of 10% per annum.

## Income

Arrochar CHS's income will come from the sale of electricity and the Feed in Tariff. The Hydro Turbine is expected to be fully operational before 18 March 2018.

## Expenses

Energy4All will charge a fee to Arrochar CHS for the cost of administering and managing the Society along with providing secretarial services. It will be paid 8% of annual turnover each year which is expected to be around £6000 in the first year of operation. Operating costs will consist of insurance, rents of £100 per annum, monitoring and depreciation, which will be the single largest expense.

## Development Costs

Energy4All will be paid a fee of £20,000 for its work bringing the Project to this point and in co-ordinating the Offer and construction arrangements on behalf of Arrochar CHS, but only after the monies required for installing the Hydro Turbine at the Site have been raised.

All profits made by Energy4All are used in the furtherance of Energy4All's mission to increase community ownership of renewable energy.

## Rates of Return to Arrochar CHS Members & Exit Arrangements

Members of Arrochar CHS are projected to receive a reasonable rate of return, a level intended to be sufficient to obtain and retain enough capital for Arrochar CHS's business requirements. Arrochar CHS plans to pay a rate of interest on Shares annually - in arrears - which is expected to be an average of 4% for the first five years. Thereafter 5% plus inflation each year.

Arrochar CHS anticipates holding its Annual General Meeting in about September each year. Arrochar CHS anticipates paying interest on Share Capital in June each year with the first payment of interest projected to be made in June 2019 in respect of Arrochar CHS's financial year to 30 June 2019.

If there is sufficient cash accumulated in Arrochar CHS for the purposes of the business, including any proposed new projects, it may be possible after at least 3 years of operation to begin a programme of repaying Member's share capital in proportion to holdings

## **Taxation of Arrochar CHS**

Arrochar CHS does not anticipate having any liability for corporation tax for at least the first 18 years of trading as, under current rules, it should receive capital allowances on its capital expenditure for its Hydro Plant, against which it will be able to offset the corporation tax which would otherwise have been payable. Arrochar CHS is registering for VAT.

## **Financial Projections**

The following is a summary of the Financial Projections, which have been approved by the Board.

The Financial Projections are based on Highland Eco's quotation for the supply and installation of the Hydro Turbine and the Civil Engineering work.

The Directors take responsibility for the reasonableness of the Financial Projections.

Returns to Members are calculated according to projected income and expenditure during the life of the Project. The Financial Projections are based on key assumptions, which are summarised below. The annual amount made available for payment as interest on Shares is divided by the number of Shares in issue to give:

- a projected gross return of approximately 4% average per annum over the first 5 years of operation;
- a projected return of 5% averaged over the 20 year period.

The Financial Projections are based on the assumption that the Application will be sufficient for Arrochar CHS to install the Hydro Turbines. Any additional expense may reduce the rate of return on Shares.

Arrochar CHS intends to repay all its Member capital by year 21. The Financial Projections assume Members' Share capital is repaid from the end of year 3.

## **Assumptions**

The Financial Projections are based on the following principal assumptions, the majority of which are ultimately beyond the control of Arrochar CHS:

- Arrochar CHS raises £660,000;
- The Project will all be completed in accordance with the timetable;
- Capital costs incurred for the Site will be in accordance with the Financial Projection assumptions;
- Electricity output will be in accordance with the estimates used, which are believed to be prudent;
- Electricity prices have been estimated on what is believed to be a prudent basis;
- The Project will qualify for the Feed in Tariff rate of 13.14p per kWh;
- Current expectations relating to the global energy market, the UK electricity industry, UK government policy and the desirability for and the promotion of electricity from renewable sources will remain reasonably consistent and reasonably favourable to Arrochar CHS over the next 20 years;
- Inflation is 2.5% during the life of the Project and inflation at this level applies consistently to wholesale electricity prices and the Feed in Tariff, and the expenses of Arrochar CHS;

- Expenses are projected at a similar level to those on other hydro projects and other Energy4All community energy projects unless there is detailed information available to Arrochar CHS which provides a better estimate of projected expenses; and
- While no binding commitments have been entered into, however, the Projections assume return of capital could commence at the end of year 3.

Any of the assumptions not being realised is likely to result in adjustments to the Financial Projections. Financial Projections and assumptions such as those set out above are inherently less reliable over longer time spans.

## **Offer Costs**

Offer Costs in connection with the Offer are budgeted at £18,000. This figure includes £5,000 payable to Energy4All for response handling costs relating to this Offer.

## **Borrowing**

The early stages of the project have been supported by a CARES loan. The repayment of the loan is included in the project's financial modelling.

## **The Community Benefit Fund**

Arrochar CHS intends to support the local communities in partnership with Arrochar and Tarbet Community Development Trust and Luss and Arden Community Benefit Trust. All profits from the Project will be for the benefit of the community.

## **Accounts**

Arrochar CHS was incorporated on 23 June 2015 as the Eastern Community Energy Society Ltd and changed its name to Arrochar CHS on 13 June 2017. Its financial year end is 30 June.

## **Legal Proceedings**

There have been no governmental, legal or arbitration proceedings relating to the projects of Arrochar CHS and none are pending or threatened, which could have a significant effect on the financial position or profitability of Arrochar CHS.

# Administration and Management

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## Management Structure

Arrochar CHS will have no employees and the business is not dependent on key individuals. Administration and day to day operations will be managed by Energy4All under the supervision of the Board. The Board will bear ultimate responsibility to the Members, acting on reports and advice from Energy4All.

The Services Agreement between Arrochar CHS and Energy4All is for a period of 20 years.

## Arrochar CHS – Directors & Company Secretary

### Duncan MacLachlan

Duncan MacLachlan is a Director and former Chair of Arrochar and Tarbet Community Development Trust (2003-2016). He was appointed Chair in 2003, following activities as a Community Development Association, on advice from the Loch Lomond & Trossachs National Park Authority Community Futures Programme, Duncan was raised and educated in Tarbet and Helensburgh, before embarking on a career in Shipbuilding as a draughtsman, planner and production manager. He then joined Anniesland College in 1980 as a Senior Lecturer in Shipbuilding and Engineering, and progressed over 30 years to head the Design and Construction Department.

**Annette Heslop** is the Finance and Administration Director of Energy4All, which she joined in 2002. Annette has been a director of Baywind Energy Co-op up to 2015 and is currently a director of High Winds Community Energy Society. She is responsible for the professional management and administration of all the Energy4All co-ops. As Finance Director of Energy4All, she leads on financial control, modelling, costing, projections, banking and treasury.

**Jim Lee** is Energy4All's Project Officer in Scotland. He is a director of the Edinburgh Community Solar Co-operative and the Spirit of Lanarkshire Wind Energy Co-operative. He has extensive experience within the Co-operative Movement.

### Luss Estates

A seat on the Board will be allocated to a nominee of the Luss Estates.

## Energy4All - Project Manager

Energy4All was established in 2002 by Baywind with help from Co-operative Action. It is jointly owned by its family of co-ops and by its directors, and operates on a non-profit distributing basis.

## Energy4All – Key Personnel

Energy4All employs an expert staff of sixteen. Those members of staff who will be principally engaged in supporting Arrochar CHS will be Annette Heslop and Jim Lee. Annette Heslop is also a Director of Energy4All and Annette Heslop acts as Company Secretary of Arrochar CHS and Energy4All. Her biography is set out above.

## Shares in Arrochar CHS for those connected with the Offer

Directors, staff and consultants of Arrochar CHS and Energy4All and their immediate families have taken up 13,000 Shares in Arrochar CHS, on the same terms as the public.

## Disclosure statement

Neither Energy4All and its officers nor the officers of Arrochar CHS have, for at least the past five years, received any convictions (for any fraudulent offence or otherwise) or been involved in any bankruptcies, receiverships or insolvent

liquidations or received any public recrimination or sanction by a statutory or regulatory authority or designated professional body or been disqualified from any function by any court.

## **Statement of Conflicts of Interests and Related Party Transactions**

Annette Heslop and Jim Lee are employed by and remunerated by Energy4All, which is providing development and management services to Arrochar CHS.

Directors in the employment of Energy4All shall not participate, be counted in the quorum or vote on any consideration of the terms of any agreement between Arrochar CHS and Energy4All or on the quality of their performance as Directors or in relation to any actual or potential dispute between Arrochar CHS and Energy4All. Any director appointed by Luss Estates shall not participate, be counted in the quorum or vote on any consideration of the terms of any agreement between Arrochar CHS and the Luss Estates or on the quality of their performance as Directors or in relation to any actual or potential dispute between Arrochar CHS and the Luss Estates. The Directors are not aware of any other actual or potential conflicts of interest.

## **Remuneration statement**

Director shall not be paid a fee for their service on the Board. The Directors are acting as Directors because they are committed to the success of the Arrochar CHS's business, the ethos it represents, the ability of a community to make a difference by their own actions and the environmental and community returns the business delivers.

There are no pension schemes or Share option schemes and, except for the reimbursement of properly incurred expenses, there are no other benefits for Directors, nor are any intended.

## **Board Practices**

Directors serve in accordance with the Rules. There are no service contracts for either Directors or the Secretary.

As the Shares will not be listed, Arrochar CHS is not obliged to comply with The Combined Code on Corporate Governance. In view of its size, it would be impractical for an attempt to comply with the Combined Code to be made. As a Society, Arrochar CHS complies with the registration requirements of the FCA.

## **Adoption of principles**

As a Society, Arrochar CHS will, whilst trading as a commercial organisation, strive to promote the International Co-operative Values and Principles: self-help and self-responsibility; democracy and equality; honesty and openness; social responsibility; autonomy and independence; member economic participation; opportunities for education; and concern for community.

## **Major Shareholders**

There are currently no major shareholders in Arrochar CHS and in the context of a Society such a concept is of limited significance. There is a principle of one vote per member whatever a Member's holding and a limit of 100,000 Shares for individuals and for organisations except other Societies.

No individual, organisation or groups of individuals or organisations has control, given the one Member, one vote governing principle.

# Documentation

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## **Constitutional Document - Rules**

Arrochar CHS is social enterprise owned by its Members and run for the benefit of the community. Members elect Directors and each Member has one vote in a Members' meeting regardless of the number of Shares held. Members are protected by limited liability and are only obliged to contribute the initial cost of their Shares. As a Society, Arrochar CHS is governed by Rules, which are approved by and registered with the FCA. A copy of the Rules is available on the Arrochar CHS web site at [www.arrocharhydro.coop](http://www.arrocharhydro.coop).

## **Material Contracts**

A summary of the material agreements entered into by Arrochar CHS in relation to the Projects is set out below.

### ***Lease***

Arrochar CHS has a contract to sign a lease with the Luss Estates. Arrochar CHS Board are advised that this contract is binding. The lease will be for a period of 21 year. The contract to enter into a Lease has been signed with the Lease documentation to be completed in the coming months.

### ***Hydro Plant Contract***

Arrochar CHS has agreed a contract with Highland Eco for the design, supply, manufacture, installation, testing and commissioning of one 125kW hydro turbine and associated equipment. The full contract will be signed once this share offer has raised sufficient funds to allow the project to be completed.

### ***Construction and Project Management Contracts***

Under the principal contract, Highland Eco will be responsible for putting in place the necessary construction and equipment supply contracts.

Arrochar CHS intends to contract with Gregor Cameron Consultancy to provide project management services. Agreement of the contract terms has been negotiated between the parties and the contract can be put in place once sufficient funding is raised by this share offer.

### ***Grid Connection Contract***

Arrochar CHS has a contract with SSE for the provision of a connection to the electricity distribution network.

### ***Energy4All – Development Services Agreement***

Under a development services agreement, Energy4All will be paid a fee of £20,000 for its work on this Project and in assisting Arrochar CHS with this Share Offer and raising any loan finance (if required), supporting the Board of Arrochar CHS during the fundraising and installation process.

### ***Energy4All – Services Agreement***

Under the services agreement between Arrochar CHS and Energy4All, Energy4All will be paid a fee of 8% of annual turnover each year for its management, administration and secretarial services. The contract is for 20 years from the date of first generation. Energy4All is a non-profit distributing social enterprise that reinvests any surplus it makes in its mission of promoting community ownership of renewable energy.

## **Third Party Information and documents available for inspection**

General information sourced from third parties in this Offer Document, in particular Energy4All, has been accurately reproduced and as far as the Directors are aware and are able to ascertain from available information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

# Information on the Offer

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## Working Capital Statement

Assuming the Offer is successful, Arrochar CHS has no need for additional working capital as it has no employees.

## Reasons for the Offer and Use of Proceeds

This Offer is being made to:

- make a contribution to generating renewable energy and promoting energy efficiency
- raise the capital required to finance the construction of the Hydro Plant, including:
  - installing the Hydro Plant, cabling and ancillary equipment
  - covering the Offer Costs and the Development Costs;
- provide funding for local community projects
- draw as many Members as possible from the local community

## Social Benefits

- Arrochar CHS's business is to reduce carbon dioxide emissions through operating renewable energy generation and through community initiatives. Arrochar CHS is an ethical organisation and a social enterprise. It seeks to pay a sufficient return to attract and retain capital, but is motivated by broader community objectives.

## Shares

A maximum of 660,000 Shares of £1 are offered at par under the terms of this Offer. Shares are payable in full on acceptance of an Application on the Terms and Conditions. The Shares, which will not be traded on a stock exchange, have been created under the Co-operative and Community Benefit Societies Act 2014.

Successful Applicants will receive share statements or certificates and their details and holdings will be recorded in a share register to be kept by Energy4All, on behalf of Arrochar CHS, at Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, LA14 2PN or any successor business address. Each person or organisation issued with Shares becomes an Arrochar CHS Member with the membership rights set out in the Rules.

The principal rights are:

- one vote per holding on resolutions of the Members, including in relation to the appointment of Directors;

- the right to the return of the original subscription during the life of the Project, subject to available surplus assets and any new business of Arrochar CHS, as determined by the Directors; and
- as a Member, eligibility for election to the Board.

## Interest on Share Capital

The Directors intend to pay interest on the balance of each Member's account at rates necessary to attract and retain sufficient capital for the Society's business purposes, in accordance with the Projections in this Offer. The date on which entitlement to interest arises will be announced each year.

## Redemption of Shares

Members do not have the right to withdraw Shares. However, the Board has the power to permit Shares to be withdrawn on the request of a Member, in accordance with any conditions the Board may decide. In addition, the Board may redeem Shares from Members, in proportion to Members' shareholdings, at £1 per share.

## Taxation of returns to Members

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

## Complaints

Any complaints about this Offer or about the Shares should be sent to the Chairman of Arrochar CHS at Unit 26 Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness LA14 2PN.

## Shares for children and gifting your Shares in your will

Parents and grandparents can buy Shares in Arrochar CHS now for their children and grandchildren or can apply on their own behalf now with a view to giving their Shares to their children and grandchildren. Shares can be inherited in accordance with any instructions you set out in your will. It is understood that currently Shares in Arrochar CHS will qualify for exemption from Inheritance Tax. However advice should be sought on this point for certainty.

Shares purchased on behalf of a child nominee will be held in the name of the Applicant and transferred to the child upon reaching the age of 18. Any returns payable in respect of the Shares will be paid direct to the child.

# Terms and Conditions of the Offer

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## Eligibility

The Offer is open to anyone, over 18 years of age, who meets the membership requirements of the Rules.

Rule 13 states that:

*“The Board may at its discretion admit to membership any individual, corporate body or nominee of an unincorporated body, firm or partnership who supports the objects of the Society and who has paid or agreed to pay any subscription or other sum due in respect of membership for the time being in force”.*

## Minimum and maximum holdings

The minimum number of Shares which can be applied for is 250 and the maximum (save for other Societies) is 100,000.

## Application procedure

- Anyone interested in responding to this Offer is strongly advised to consider taking appropriate independent financial and other advice in relation to the Terms & Conditions of this Share Offer.
- Shares shall be applied for using the Application Form on Page 26 following the Guidance Notes on Page 25
- By delivering an Application Form, an Applicant offers to subscribe, on the Terms and Conditions, for the number of Shares specified, or such lesser number as may be accepted.
- You are advised to read the Rules of Arrochar CHS from [www.arrocharhydro.coop](http://www.arrocharhydro.coop) or contact Arrochar CHS to receive a paper copy in the post. If you receive Shares you agree to automatic membership of Arrochar CHS and to be bound by its Rules.
- Once an Application has been made it cannot be withdrawn.

## The Offer timetable

The Share Offer will remain open until 7 July 2017 (but will be closed early if the Maximum Capital Sum is raised). The Board expects the following timetable to apply. There is inevitably a degree of uncertainty over the precise dates for the commissioning of the Hydro Turbine in respect of the Project. However, delivery of the Hydro Turbine on Site is expected in August 2017. Arrochar CHS's year end is 30 June.

### 2017

16	June	Offer Period opens
7	July	Offer Period ends unless closed early or extended
Mid	July	Offer results published and Share certificates issued
Late	July	Monies returned on unsuccessful or scaled down Applications
	Sep/Oct	Annual General Meeting

### 2018

18	March	Latest date for Hydro Plant to commence generation
30	June	End of financial year
Late	August	Financial accounts prepared
	Sept/Oct	Annual General Meeting

### 2019

Mid	June	Payment of interest on Share Capital to Members
30	June	End of financial year
Late	August	Financial accounts prepared
	Sept/Oct	Annual General Meeting

## **Extension or Reduction of Offer Period**

The Offer may be closed early upon achievement of the Maximum Capital Sum. The Directors reserve the right to extend the Offer Period at their discretion (although the current intention is that the Offer Period **will not be extended beyond 1 August 2017**).

## **Consequences if the Offer does not raise £660,000**

If this Offer does not raise the maximum amount, Arrochar CHS will consider appropriate steps including extending the offer, seeking loan finance or repaying equity in full in which case Energy4All will cover the Offer Costs relating to the Offer.

## **Commitments and confirmations by Applicants**

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

- Is committed to the objects of the Society;
- meets the eligibility criteria;
- is not (unless a Society) making multiple applications for more than 100,000 Shares;
- is not relying on any information or representation in relation to the Shares, Arrochar CHS, or the Project which is not included in this Offer Document; and
- shall provide all additional information and documentation requested by Arrochar CHS in connection with their Application, including in connection with taxation, anti-money-laundering or other regulations.

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

## **Procedures on receipt by Arrochar CHS of Applications**

- Offer cheques/bankers' drafts may be presented following receipt and may be rejected if they do not clear on first presentation.
- Surplus Application Monies may be retained pending clearance of successful Applicants' cheques.
- Applications may be rejected in whole, or in part, or be scaled down, without reasons being given.
- Application Monies in respect of any rejected or scaled-down Applications shall be returned by crossed cheque, payable to the Applicant, to the postal address on the Application Form no later than one month after the end of the Offer Period (as extended).
- No interest is payable on submitted Application Monies which become returnable.
- Applications on incomplete or inaccurate Application Forms may be accepted as if complete and accurate.
- Arrochar CHS reserves the right not to enter into correspondence with Applicants pending the issue of share certificates or the return of Application Monies.
- The results of the Offer will be published on the website [www.arrocharhydro.coop](http://www.arrocharhydro.coop) and by press release within one month after the Offer has been closed.

## **Plan of distribution and allotment**

This Offer Document is the only public offering in respect of the Shares.

Applications will be dealt with on a first come, first served basis. The Offer will be closed on 7 July 2017 (or such later date as is set by the terms of any extension to the Offer Period). The Board may close the Offer earlier if the Maximum Capital Sum is achieved.

If the Offer becomes oversubscribed, Applications may be proportionately scaled down and the Directors shall, in their discretion, determine the appropriate allocation.

Multiple Applications will be admitted providing that they do not result in a Member (other than a Society) holding more than 100,000 Shares.

Welcoming letters and share certificates or statements will be issued to successful Applicants.

## Transactions in Shares

The Board has resolved to offer Shares at their par value of £1. Shares will not be traded on a recognised stock exchange. Shares are not transferable except on death or bankruptcy.

The Board of Arrochar CHS has the right to redeem Shares from Members on a proportionate basis. The price at which Shares will be redeemed will be £1.

## Governing Law

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



Image of Ben Reoch panorama

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# Glossary

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<b>Annual General Meeting</b>	The annual general meeting of Arrochar CHS held in accordance with its Rules
<b>Application</b>	An application for Shares on the Terms and Conditions
<b>Application Form</b>	The form in the Appendices to this Offer Document on Page 26 which must be completed and returned in accordance with the Terms and Conditions on Page 20 and the Guidance Notes on Page 25
<b>Applicant</b>	An applicant for Shares through submission of an Application Form
<b>Application Monies</b>	The total gross sum realised by this Offer
<b>Arrochar CHS</b>	Arrochar Community Hydro Society Limited (registered society number 7145), a Society for the Benefit of the Community set up to construct a turbines on the Site near Arrochar, Argyll & Bute
<b>Balance of Plant</b>	The works comprising: design and installation of the foundations; the switchgear cabinet; and the design and installation of on-site electrical infrastructure
<b>Baywind</b>	Baywind Energy Co-operative Ltd (registered industrial and provident society (number 28354R)), founder and part-owner of Energy4All
<b>Board</b>	The Board of Directors of Arrochar CHS
<b>CAR</b>	Controlled Activities Regulation certificate issued by the Scottish Environment Protection Agency
<b>CARES</b>	Community and Renewable Energy Scheme provides independent and ongoing support for all aspects of community energy project development, administered by Community Energy Scotland
<b>Civil Engineering</b>	The installation works including construction of the weir, installation of the Penstock and building of the Turbine House
<b>Closing Date</b>	7 July 2017 (subject to early closing or extension under the terms of the Offer)
<b>Community Benefit Fund</b>	A fund to be maintained by Arrochar CHS from allocated income for the benefit of the communities in helping the Society deliver its objectives
<b>Development Costs</b>	The costs of developing the Project
<b>Directors</b>	The directors of Arrochar CHS
<b>Distribution Network Operator</b>	A company operating the electricity network in a particular area
<b>Eastern CES</b>	A Society for the Benefit of the Community set up in 2015 which has changed its name to Arrochar CHS
<b>Energy4All</b>	Energy4All Limited (registered company number 4545379 and registered office at Unit 33 Trinity Enterprise Centre, Furness Business Park, Barrow-in-Furness, LA14 2PN), a not for profit company established by Baywind to promote, advise and manage community-related renewable energy projects in the UK
<b>FCA</b>	The Financial Conduct Authority
<b>Feed in Tariff</b>	A government programme designed to promote the uptake of a range of small-scale and larger scale renewable and low-carbon electricity generation technologies.
<b>Financial Projections</b>	The financial projections comprising the projected income and expenditure and returns to Members of Arrochar CHS for the twenty years ending 2037 including the assumptions on which they are based, as set out on pages 14 and 15
<b>Gregor Cameron Consultancy</b>	Project management consultancy, established in 2008 and based in Oban, Argyll & Bute
<b>Highland Eco-Design Ltd</b>	Main contractor. Incorporated in 2009 and based in Auchterarder in Perthshire. Members of the British Hydropower Association and Scottish Renewables.
<b>Hydro Plant</b>	All of the construction works including the Hydro Turbines required to generate electricity at the Site
<b>Hydro Turbine</b>	A turbine that harnesses the energy of flowing water to produce electricity for distribution into the electricity network
<b>kWh</b>	A unit that measures energy and is equal to the energy produced by a generating device of 1 kW power capacity when operating at full power output continuously for the period of one hour
<b>Lease</b>	A lease of land required for the Project
<b>Maximum Capital Sum</b>	£660,000 which is the maximum amount Arrochar CHS is seeking to raise for the Project through this Share Offer
<b>Members</b>	Members of Arrochar CHS

<b>MW (megawatt)</b>	A unit that measures power and is equal to 1 million watts
<b>MWh (megawatt hour)</b>	A unit that measures energy and is equal to the energy that can provide the power of 1 MW for the period of one hour
<b>Offer or Share Offer</b>	The Offer of Shares in Arrochar CHS contained in this Offer Document
<b>Offer Costs</b>	The expenses incurred by or on behalf of Arrochar CHS in issuing this Offer Document and managing the Offer
<b>Offer Date</b>	The publication date of this Offer Document
<b>Offer Document</b>	This formal financial promotion document setting out the Offer
<b>Offer Period</b>	The period for which the Offer will remain open (including any extension) as set out in the timetable on Page 20
<b>Penstock</b>	The pipeline connecting the intake to the Hydro Turbine
<b>Project</b>	The construction and operation of a Hydro Turbine at the Site as set out in this Offer
<b>Risk Factors</b>	The risk factors in relation to a subscription in Shares which are set out at Pages 6 and 7
<b>Rules</b>	The Rules of Arrochar CHS, a copy of which may be viewed at <a href="http://www.arrocharhydro.coop">www.arrocharhydro.coop</a>
<b>Secretary</b>	The secretary of Arrochar CHS, who has the responsibilities set out in the Rules
<b>SEPA</b>	Scottish Environmental Protection Agency
<b>Services Agreement</b>	The services agreement between Arrochar and Energy4All in respect of the Project
<b>Shareholders</b>	Holders of the Shares
<b>Share Capital</b>	Members Shares in Arrochar CHS
<b>Shares</b>	Ordinary Shares issued as a result of this Share Offer
<b>Site</b>	The Site on which the Project is to be constructed near Arrochar, Argyll & Bute
<b>Society</b>	A Society for the Benefit of the Community
<b>Summary</b>	The summary of this Offer Document set out on pages 4 and 5
<b>Terms and Conditions</b>	The terms and conditions of the Offer contained in this Offer Document
<b>VAT</b>	Value Added Tax

# Guidance Notes

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## For completion of Application Form for Shares in Arrochar CHS

### Applying for Shares

The Offer is open to individuals, Societies and other organisations which are electricity consumers or are the spouse, partner or relative of an electricity consumer. It is only possible to purchase Shares in Arrochar CHS by completing the Application Form on Page 26 These notes are designed to help you complete the Application Form. Before completing the Application Form you should consider taking appropriate financial and other advice, particularly in relation to any aspect of the Offer Document which is not clear to you.

### Your attention is particularly drawn to:

- The Social Benefits of Arrochar CHS described on Page 10
- The Risk Factors on Pages 6 and 7 which describe risks relating to the Shares.
- The specific Terms and Conditions of the Offer set out on Pages 20-22 because by completing the Application Form you will make an irrevocable promise to take up Shares, which may be accepted by Arrochar CHS.
- The Rules of Arrochar CHS (a copy of which is available to view at [www.arrocharhydro.coop](http://www.arrocharhydro.coop) or can be obtained by post) because in buying shares you will become a Member of Arrochar CHS and bound by these Rules.

### Shares:

The price of each Share is £1. You should decide how many Shares you want to buy and put that number in the box. The minimum number (for ease of administration) is 250. The maximum is 100,000 (except for subscriptions by other Societies).

Annual interest payments on Share Capital will be based on the number of Shares you hold, but you will only have one vote, regardless of the number of Shares you hold.

### Personal details:

You may apply as an individual, or if you are properly authorised, on behalf of a Society or other organisation.

For legal reasons children cannot become Members. If you wish to acquire Shares as a trustee or nominee on behalf of a child you may need to take advice on any tax implications, and please note that the maximum of £100,000 includes any Shares purchased as a nominee for a child. Shares issued in these circumstances could be transferred to a child when he or she becomes 18 and the Board will endeavour to assist with that intention where requested. If you do wish to take the Shares as a nominee or trustee of a child, please indicate that intention as shown.

### Application:

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

### Declaration:

In signing the Application Form, as an individual, you are personally making an irrevocable and enforceable promise to take up Shares in Arrochar CHS. If you are signing on behalf of an organisation or on behalf of another adult individual, you are personally representing that you have been expressly authorised to do so.

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

Under applicable anti-money laundering regulations, you may be required to produce satisfactory evidence of your identity and it is a condition of the Offer that you do so as requested.

### Payment:

Please pay direct through the banking system into the Arrochar CHS's bank account. Please quote your surname and date of birth as a reference and pay to **account number 56137148 Sort Code 40-51-62** then email your application form to [info@arrocharhydro.coop](mailto:info@arrocharhydro.coop). Alternatively, attach a cheque or banker's draft, drawn on a UK bank or building society, for the exact amount shown in the box under 'Amount to subscribe'. If there is a discrepancy between the two, or if the cheque is not honoured on presentation, your Application Form may be rejected without further communication.

### Optional:

It will help with the launch of other renewable energy social enterprises if we can identify the most effective means of communicating with potential Members. We would be grateful, therefore, if you would indicate on the Application Form how you first heard of Arrochar CHS, if you are not already a Member of an existing Energy4All related enterprise.

### Communication with Members

As a Member, you will receive various communications throughout the year. It will help to reduce paperwork (and carbon dioxide emissions) if we contact you by email. Please provide your email address on the Application Form.

**Thank you for considering taking part in Arrochar CHS**

# Application Form

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## ARROCHAR COMMUNITY HYDRO SOCIETY PUBLIC SHARE ISSUE 2017

### **Important: before completing this Application Form you must:**

- Read the accompanying Share Offer of Arrochar Community Hydro Society Limited (“Arrochar CHS”) (the “Offer Document”);
- Pay special attention to the Social Benefits set out on Page 10 of the Offer Document;
- Pay special attention to the Risk Factors set out on Pages 6 and 7 of the Offer Document;
- Consider whether you need to take financial advice or other advice in relation to the Terms and Conditions of the Offer contained in the Offer Document; and
- Read the Rules of Arrochar CHS from [www.arrocharhydro.coop](http://www.arrocharhydro.coop) (the “Rules”).

### **Declaration** *(if applicable, also on behalf of an applicant organisation)*

I confirm my understanding that:

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

### **I confirm that:**

- I have read the Offer Document, including the Social Benefits, Risk Factors and the Guidance Notes to this Application Form;
- I support the aims and objectives of Arrochar CHS as set out in the Offer Document;
- I am over 18 and the Applicant meets the Offer eligibility criteria;
- Arrochar CHS is hereby authorised to make such enquiries as are deemed necessary to confirm the eligibility of this Application;
- the Applicant is not (unless a Society) making an application or multiple applications for a total of more than 100,000 Shares;
- the Applicant is not relying on any information or representation in relation to the Shares, Arrochar CHS or the Site which is not included in the Offer Document;
- the Applicant shall provide all additional information and documentation requested by Arrochar CHS in connection with this Application, including in connection with anti-money-laundering, taxation or other regulations applicable to Arrochar CHS; and
- if signing this Application on behalf of any person/organisation I am doing so with express authority.

# Arrochar Community Hydro Society Limited

Registered No. 7145

## Share Application Form

PLEASE USE CAPITALS AND BLACK INK

OFFICE USE ONLY

URN:

BATCH:

INITIAL:

### Amount to invest

I wish to invest a total amount of £ \_\_\_\_\_ in Arrochar Community Hydro Society Limited. (Minimum investment £250 and maximum investment £100,000).

### Applicant details

Title: \_\_\_\_\_ Forenames: \_\_\_\_\_ Surname: \_\_\_\_\_

Address: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Town: \_\_\_\_\_

County: \_\_\_\_\_ Post code: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_ Mobile: \_\_\_\_\_

### If Applicant is nominee for a child:

Child's name: \_\_\_\_\_ Child's date of birth: \_\_\_\_\_

Address (if different from above): \_\_\_\_\_

Post code: \_\_\_\_\_

### Payment Details

I have paid by bank electronic transfer/BACS to 'Arrochar Community Hydro Society Limited'  
Please pay to Sort Code 40-51-62 Account Number: 5613 7148 Date payment made: \_\_\_\_\_

**All electronic payments must include a reference when arranging your payment. Please use your surname and date of birth**

I enclose a cheque or banker's draft crossed A/c Payee to the value indicated above.  
Please make payable to 'Arrochar Community Hydro Society Limited'

Please email your completed application to [info@arrocharhydro.coop](mailto:info@arrocharhydro.coop) or send by post to:

**Arrochar Community Hydro Society  
Unit 26, Trinity Enterprise Centre  
Furness Business Park  
Barrow in Furness, Cumbria, LA14 2PN**

### Annual Share Interest Payments

Arrochar Community Hydro Society will pay share interest due on shares by electronic transfer via BACS. To receive your share interest please provide the following details:

Bank Account: \_\_\_\_\_ Sort Code: \_\_\_\_\_ Name on account: \_\_\_\_\_

I understand that the cheque supporting this application will be presented for payment following receipt and I warrant that it will be paid on first presentation.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### Notices by email and documents on our website

To help reduce paper costs (and CO<sub>2</sub> emissions), Arrochar Community Hydro and Energy4All will send you notices and information by email and refer you (by email) to documents posted on the website. By completing this application form you are consenting to receiving such notices by email and accessing documents through the website.



RENEWABLE ENERGY - BENEFITING THE FUTURE

ARROCHAR COMMUNITY HYDRO SOCIETY

ARROCHAR COMMUNITY HYDRO SOCIETY LTD

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