



Morecambe Bay
Community
Renewables



Share Prospectus

15th May 2012

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Summary

This document describes an opportunity to become a member of Morecambe Bay Community Renewables Ltd (MORE Renewables) by subscribing to shares in the organisation. MORE Renewables is an Industrial & Provident Society (a co-operative) that will install renewable energy systems in the Morecambe Bay Area.

As a community-owned enterprise, MORE Renewables represents an exciting new vision for economic ownership of our energy supplies, enabling local people to own and profit from the development of renewable energy resources. Please give this offer serious consideration, given the vital need for action to deal with the twin challenges of dwindling fossil fuel resources and the carbon dioxide emissions responsible for climate change.

By purchasing shares you will:

- Participate in ownership of local renewable energy resources
- Be eligible for interest paid on your investment – we expect to be able to pay 4% from the third year, with lower rates before that.
- Gain an equal vote with every other member in how MORE Renewables is managed.
- Contribute to developing local renewable energy supplies which make use of our resources of sun, wind, rivers and wood. This will make our area more self-reliant and resilient in the face of rising energy costs, and will strengthen our local economy
- Contribute to reducing emissions of carbon dioxide, the main greenhouse gas which causes global warming and climate change
- Enable projects which increase energy efficiency and help people to live more sustainably.

Please read the document carefully in full, before making a decision on whether you want invest.

Share issue offer: 105,000 shares at £1 per share

Minimum investment £500

Maximum investment £20,000

Share offer opens: 15th May

Share offer closes: 18th June at 5pm (unless closed earlier because of over-subscription, or extended)

An investment of £1000 will save approximately 4,600 kg of Carbon dioxide emissions over 25 years.

An investment of £5,000 will produce enough electricity to power an average UK house for over 13 years.

1. About MORE Renewables

MORE Renewables is an Industrial & Provident Society (a Co-operative). Our full company name is Morecambe Bay Community Renewables Ltd and we are registered with the Financial Services Authority in England and Wales under the Industrial & Provident Societies Act 1965 (no 32421R). We were set-up in 2011 by a group of Morecambe Bay area residents interested and experienced in sustainability, community, business and renewable energy. The motivation to start MORE Renewables came from a belief that part of the solution to the environmental and economic problems we all face, is for people to take control of their energy generation and distribute the benefits to their local community. We also want to enable people to make an ethical investment in their local community, which provides them with a financial return.

Our vision is to develop a range of renewable energy installations in the Morecambe Bay area, making use of our local resources such as sun, wind, woodland and fast flowing rivers, to reduce carbon emissions, provide a return to investors and funding to help people reduce their energy use and live more sustainably. Over the next 5 years we want to develop several small scale renewable energy projects, including solar, small scale wind, hydro and biomass, representing an investment of £1-3 million, to provide a reliable return to our members and secure funding to community projects which reduce energy use.

What are our aims?

To provide a socially and environmentally beneficial investment opportunity for local people and organizations;

To reduce long-term energy costs and carbon emissions for local communities and not-for-profit organizations;

To increase the amount of renewable energy generated in the Morecambe Bay area

To provide funding for community projects which help to reduce energy use and promote sustainable living.

MORE Renewables is committed to an ethical and environmentally responsible policy in sourcing and installing renewable energy systems. We will use installers based in the North West of England wherever feasible and purchase technology of proven reliability from reputable and ethical manufacturers. We are committed to complying with all relevant environmental legislation.

2. The Investment

MORE Renewables' first project will be a 50 kWp solar photovoltaic (PV) system on the Lancaster Cohousing development at Forge Bank, Halton. Solar PV is a proven, reliable technology which can be installed in a matter of days. The output from systems is fairly predictable and they can be fitted to a wide range of buildings.

Two directors of MORE Renewables, Anne Chapman and Steve Wrigley, have experience of the type of project we are proposing to do. They project-managed for LESS the installation of a 28 kWp PV system on the roof of an industrial building in Halton, installed in February 2010 as part of *Halton Carbon Positive!* (a Low Carbon Communities Challenge Project, funded by the Department of Energy and Climate Change). This has successfully been generating electricity, slightly exceeding the predicted amount.

The Lancaster Cohousing development comprises 41 homes, community facilities and work spaces, owned by Lancaster Cohousing Company Ltd, a not-for profit company (a company limited by guarantee) set up by a group of Lancaster residents. The members of the company are all future residents of the development and have been involved in its design. The homes and community facilities are primarily new-build, with construction expected to be completed in autumn, whilst the workspace will be located in the refurbished Halton Mill. The planning consent for the Lancaster Cohousing development includes solar PV panels, so no new planning permission is required.

The whole development will receive electricity from its own micro-grid – a separate local distribution network. This will receive the electricity generated by the PV panels, plus the electricity from the planned hydro scheme on Forge Weir, just upstream of the development (see www.haltonlunehydro.org), and supply it to residential and business users on the site. There will then be one connection from the micro-grid to the National Grid, to export electricity when the PV and the hydro are producing more than the development uses, and to import it when the development needs more than they are producing. Construction of the micro-grid is part of the construction contract. The local micro-grid is expected to be live, and connected to the National Grid by mid-June 2012. The very energy-efficient construction technique of the new-build, along with the solar PV and hydro scheme, means that the development will be classed as zero-carbon (code 6 of the Code for Sustainable Homes).

Following a tender process conducted by MORE Renewables, The Better Roofing Company has been chosen as the installer for the PV system. The Better Roofing Company is based in Lancaster and has a track record in innovative environmental construction technology, as well as solar PV systems. The Better Roofing Company has already worked for Lancaster Cohousing on the re-roofing of Halton Mill, carried out in 2011.

MORE Renewables has agreed with Lancaster Cohousing to lease the roofs needed for the PV system for 25 years. The text of this lease is available on the MORE Renewables website. The roofs are on Halton Mill and on two of the terraces of houses. Lancaster Cohousing is retaining the freehold of the houses, which are being sold, leasehold, with the rights to the air space above the roofs retained in the freehold. At the end of the 25-year lease period, ownership of the PV system will pass to Lancaster Cohousing.

Solar PV Panels on the terraces will be installed under contract to Lancaster Cohousing in May and June 2012. This is to fit in with the construction program. MORE Renewables will then purchase these panels and associated equipment from Lancaster Cohousing when they are connected to the grid and registered for the Feed in Tariff. MORE Renewables has contracted directly with The Better Roofing Company for the installation

of the solar PV panels on the mill building. These are to be installed by the end of June 2012.

Lancaster Cohousing will pay MORE Renewables 9.25 p/kWh (increasing with inflation) for every unit of electricity generated by the PV system. In addition, MORE Renewables will receive the Feed in Tariff (FIT) generation payments for every unit of electricity generated by the PV system.

The Feed in Tariff payments are made by electricity companies, but backed by the government. When a system is registered for FITs, it receives the tariff rates current at that time. These rates then increase in line with inflation for the next 25 years. Our income is therefore protected against inflation. It cannot be guaranteed because we cannot guarantee the amount of sunshine or that nothing will go wrong with the operation of the system, but data we have collected on PV systems in the local area suggest that they out-perform the estimates given by installers, provided they are not shaded. We have assumed that the efficiency of the panels will decrease by 0.7% per year, in line with the manufacturer's warranty.

MORE Renewables will use the income generated from FITs payment and electricity sales to:

- pay for its administration costs
- pay into a fund to enable the capital costs of the system to be repaid.
- pay a return to its members (share interest)
- fund community projects in the Morecambe Bay area which help people reduce their energy use and live more sustainably. The amount going to fund community projects will be at least 25% of the share interest paid to members (this is rule 60 in our rules).

MORE Renewables intends to contract its administration to LESS. LESS is a community interest company based in Lancaster which was set up in 1997 to promote sustainable living. One director of MORE Renewables (Anne Chapman) is also a director of LESS. Another director (Simon Gershon) was a director of LESS until the end of March 2012.

FIT Tariff reviews

The generation tariff for PV systems of between 10 and 50 kWp is currently 15.2 p/kWh. This is the tariff for systems installed after 3 March 2012– previously the tariff was 32.9 p/kWh.

In February 2012 the government published a consultation document, 'Comprehensive Review Phase 2A: Solar PV cost control'. In this document the government proposes various options for reducing the FITs generation tariff for solar PV system from 1 July. For 10-50 kWp systems the proposed tariff rates are between 9.9 p/kWh and 11.9 p/kWh.

From 1 July it is proposed that the tariffs will be reduced automatically by 10% every 6 months.

Systems installed before 1 July 2012 will receive the 15.2 p/kWh rate for the next 25 years, increasing with inflation (RPI) every year.

3. Financial Projections & Returns

The total cost of the project is £105,000. This made up as follows:

Installers costs	£91,000
Warranties (for inverters)	£4,500
Project management	£5,000
MORE Renewables' start up costs	£4,500
	<hr/>
	£105,000

The start up costs allocated to this share offer are around a quarter of the costs incurred by MORE Renewables in setting up the organization and developing solar PV projects, including the lease used for this project. These start up costs have partly been met by the time put in by directors and others (to be paid for in shares, at a rate of £20 per hour), and partly by cash contributions, which will be reimbursed at the rate of 1.5 shares to the pound.

We have assumed that we will be able to receive 1.75% per annum interest on the capital fund used to repay members who wish to withdraw their shares. Withdrawal of shares will increase the percentage return to members with capital remaining. Our financial modelling assumes that in year 5, 9, 13, 17 and 21 of the 25-year term of the lease we will return 10% of capital to members. If at each of these years, we have not returned 10% of the original shares to members in the preceding four years, directors may decide to buy back a proportion of shares and return the capital to members who have not made such a request (see section 7 of this prospectus for further information on withdrawal and repayment of share capital).

We expect to be able to pay a return to members of 2-3% from the second year increasing to 4% of their share capital from the third or fourth year. The rate of return will be decided annually by the directors of MORE Renewables. Because our income will be linked to inflation, these returns will increase if inflation goes up and will reduce if inflation is very low (we have currently assumed inflation at 3% for the whole 25 years). For our financial projections please see Appendix 1.

This offer is for two classes of shares, Class A and Class B (please see Section 7 for more details on these). We have tried to ensure that the Class B shares will qualify for tax relief under the Enterprise Investment Scheme (EIS), as promoted by HM Revenue and Customs and we will apply for this in due course. If you are a qualifying income tax payer, and we receive such assurance, you should be able to claim back between 30% and 50% of the money you invest (up to the amount of income tax you paid in the year) in the year that you invest, increasing your effective rate of return. More details of the Enterprise Investment Scheme are in Appendix 2.

4. Community and Environmental Benefits

For every £1 paid as share interest to members of MORE Renewables, at least 25p will be spent on local energy efficiency projects (this is rule 60 of our rules). The intention is to help fund projects such as LESS's Home Energy Service, which provides advice and support to householders, particularly those in fuel-poverty, on how they can reduce the amount of energy wasted in their home, and reduce their energy bills and carbon emissions. Decisions about what projects to support will be made each year by directors, who are elected by members at the AGM. Our financial projections suggest that over 25 years the PV system on Lancaster Cohousing will enable us to give over £24,000 to such community projects.

By operating as a viable and sustainable local business, MORE Renewables will provide a direct benefit to the local economy through by providing employment (both directly and via subcontractors), and the goods and services we purchase. Our intention is to grow the Co-operative in a sustainable manner, investing in new projects and launching new share offers as opportunities arise.

By increasing the amount of renewable energy generated in the Morecambe Bay area, MORE Renewables and its members will be reducing the amount of carbon dioxide and other pollutants that are emitted as a result of burning fossil fuels, helping the UK meet its climate change and clean-air commitments. The PV system at Lancaster Cohousing is predicted to generate 919,522 kWh of electricity over 25 years, saving 486,427 kg of carbon dioxide (assuming the 'carbon intensity' of electricity in the national grid used in the 2010 Building Regulations). The PV panels we will be using are partly manufactured in Norway, using hydro-electric power and an efficient production process. The energy used in their production is paid back by the panels within one year. See www.recgroup.com/en/sustainability for more information.

5. The MORE Renewables Team

MORE Renewables is run by a dedicated team of local people, interested and experienced in sustainability, community business and renewable energy. Members of this team will be investing over £20,000 in this share offer. Meet them below:



Anne Chapman – Director

Anne worked as an environmental consultant, before moving to Lancaster in 1997 to do an MA. She has been involved in various local organizations including North Lancashire Friends of the Earth, the Marsh Community Centre, and the Friendship Centre. She was a director of Friends of the Earth between 2000 and 2003 and was a Lancaster City Councillor for eight years. She is currently a director of LESS.



Gill Fenna – Director

Gill is director of Quantum Strategy & Technology, a small company working with businesses and Local Authorities on energy efficiency and renewables. She has been involved in the Lancaster District Sustainability Partnership for the last 8 years and helped to set up LESS. She has PV and a solar thermal panel installed on her home.



Simon Gershon – Director, Company Secretary

Simon has been in charge of retail, manufacturing and property businesses. He currently works on refurbishing older buildings to improve their energy efficiency. Simon helps run community-based volunteering projects and was a founding director of LESS. He has a PV system on the roof of his home and is currently researching woodfuel production opportunities in the district.



Caroline Jackson – Director

Caroline, a former teacher, worked in senior management of secondary schools for 18 years before retiring as Head teacher of Hornby High School in 2009. Caroline is chair of Global Link, the Lancaster Development Education Centre and serves on a number of community bodies including the Ripley Trust and the Surestart management board. She is a leading member of Transition City Lancaster, was involved in making their monthly radio programme and is a national blogger for the Transition network.



Steve Wrigley – Director

Steve is a chartered mechanical engineer currently employed by the University of Cumbria to develop Sustainable Energy Engineering courses. He has project managed a 28 kWp community solar PV installation and been involved in several renewable energy scoping studies. He is also a member of Lancaster Cohousing and has been involved in the specification and integration of their renewable energy technologies including solar PV, solar thermal, bio mass heating, district heating and micro grid.



Kevin Frea – Project Coordinator

Kevin works for the Solar Coop helping to develop community energy cooperatives and is a member of Lancaster Cohousing and a Director of Lancaster Community Car Club CIC. He is a founding Director of Gloucestershire Community Energy Coop who recently raised £105,000 for a 46 kWp solar PV installation. He installed his first solar panels in the early 90's and currently gets his electricity from the panels on his narrow boat.



Debbie Mace – Financial Administrator

Debbie is a Graduate of the Association of Chartered Certified Accountants and experienced financial administrator. She is currently the finance officer for LESS, as well as working for several other charitable and voluntary organizations. She is a member of Lancaster Cohousing.

Other people who have been involved in MORE Renewables include:

David Natusch, is Managing Director of Strategic Energy Consulting Ltd, based at Lancaster University.

Andrew Northcott used to work for the Department for Work and Pensions and helped set-up MORE Renewables' back-office and financial systems.

Sam Usiskin, formerly of Woosh Energy Ltd. and Segen Ltd, both providers of renewable energy systems. Sam worked for MORE Renewables as project coordinator in September and October 2011.

James Wood, a Director of the Bay Wind Cooperative.

Steve Dealler, Director for 20 years of Laboratory Screening Services, a high technology company.

6. Membership & Shares

Membership is open to individuals over the age of 16, corporate bodies or nominees of unincorporated associations. You do not have to live in the Morecambe Bay area to be a member, just to wish to support our community.

There are two classes of shares, both of which have a nominal value of £1 and which carry the same voting rights and privileges. For this share offer the minimum shareholding of both types of shares is 500.

Class A shares – these may be paid for in instalments over 10 months or less.

Class B shares – these cannot be paid for in instalments and cannot be withdrawn for at least 3 years.

If you wish to qualify for tax relief under the Enterprise Investment Scheme you must purchase class B shares, and must not withdraw your shares for 3 years from the date that MORE Renewables starts trading.

All members of MORE Renewables have one vote regardless of how many shares they hold.

No member may hold more than 20,000 shares, unless the member is another Industrial and Provident Society.

At the first AGM the existing directors will stand down and the members will elect the Board of directors. Elected directors must be members of the Co-operative. At AGMs thereafter one third of the directors will retire, though they may stand for re-election. The Board may co-opt additional members to be directors and may appoint up to three professional external directors.

Under the Industrial and Provident Societies Act 1965 the liability of members is limited to their share holding.

Withdrawal, Repayment and Transfer of Shares

You can receive your original investment back from MORE Renewables before the 25 year term of the investment is up by withdrawing your shares. A proportion of the income from electricity sales and FITs payments will be paid into a fund to repay members who wish to withdraw their shares either during or at the end of the 25 years period. We have assumed that we will be able to receive 1.75% p.a. interest on this fund. There is a thirteen week notice period for withdrawals, though the directors can decide to repay shares to those with a real need to withdraw them sooner than this. However, directors can suspend the right to withdraw shares if MORE Renewables does not have sufficient funds available to repay them at that time. You need to maintain the minimum shareholding (currently £500) to retain your membership of MORE Renewables. If you have class B shares you will not be able to withdraw them for 3 years from when you made your investment.

MORE Renewables can buy your shares from you, returning the amount you paid for them, if Directors decide that the Co-operative needs to return capital to its members, even if you have not asked to withdraw your shares (see rule 10.1). Our financial projections assume that we will repay 10% of the capital of the Lancaster Cohousing PV system in years 5, 9, 13, 17 and 21. If at each of these years, we have not returned 10% of the original shares to members in the preceding four years, Directors may decide to repay capital to members, at a set percentage of each member's holding, for members who own more than the minimum number of shares. Directors may also decide to return capital to members if Lancaster Cohousing decides to exercise its rights under the lease to purchase the PV system from MORE Renewables, and directors consider that an investment in renewable energy that gave the same or better returns cannot be made at

that time. Shares are not transferable, so cannot be sold and will not increase in value. Their value can be left to someone else in your will. They can also be held on behalf of children and grandchildren (but not by someone who is also a member in their own right) and can be owned jointly.

If MORE Renewables' liabilities and share capital exceed its assets, the Directors can write down the value of the shares. Should you then wish to withdraw your shares, you will only receive their written down value.

Interest on Shares

Interest on shares will be subject to United Kingdom Taxation. It is expected that share interest payments will be made gross (that is, without deducting tax) and you will be responsible for declaring this income on your tax return.

7. Over or Under-Subscription

If the share offer is over-subscribed, we will (in this order):

1. Reduce the maximum investment from £20,000 to a figure between £10,000 and £20,000. Subscriptions in excess of this new maximum would be returned to investors;
2. Reduce applications for shares in excess of £2000 by a fixed percentage, and return any excess to subscribers;
3. If the share offer remains over-subscribed after these steps have been taken, we will accept offers on a first-come-first-served basis as determined by the date on which your application is received.

If the share offer is under-subscribed MORE Renewables will find other ways of financing the PV installation, such as a long term loan from directors. This may result in the cost of loan repayments reducing the returns to members. We will also extend and/or re-open the share offer to allow more people to invest.

8. The Risks

All investment and commercial activities carry risk, although the Directors consider that investment in MORE Renewables is lower risk than many forms of investment because it will benefit from a secure, inflation linked income stream over 25 years, and electricity generation from solar panels is a comparatively low-risk business. However, there are still underlying risks, particularly during the installation phase - up to connection to the grid and registration for FITs - and investors should take appropriate advice and make their own risk assessment whilst bearing in mind the social and environmental aspects of this investment opportunity. An investment in shares is an investment in a trading business, not a loan or a deposit, and the rates of return are not guaranteed. This investment should be considered as medium to long term. Your shares may not be readily convertible to cash should you need to withdraw them.

Should MORE Renewables get into financial difficulties, then:

1. We may have to suspend your rights to withdraw your shares
2. We may have to write down the value of your shares
3. You may lose all the money you paid for your shares.

However, your liability is limited to the amount that you have paid for your shares.

As MORE Renewables is an Industrial and Provident Society, it is exempt from regulation under the Financial Services and Markets Act 2000 (FSMA) and regulations made under it and so this document is not required to be approved as a share offering by the Financial Services Authority, or any approved person, nor has it been. The shares are not specified investments for the purposes of section 22 of FSMA pursuant to paragraph 76 of FSMA (Regulated Activities) Order 2001. Therefore, you do not have the level of protection that you might otherwise be offered by FSMA and have no right to complain to an ombudsman. As shares are withdrawable rather than transferable, this share offering is exempt from the requirements of an approved share offering required by section 85(1) of FSMA. MORE Renewables is registered with, but not authorized by, the Financial Services Authority and therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

The Directors' assessment of the risks and how they intend to mitigate them is outlined below.

Risk	Mitigation	Residual risk
<p>1. The PV system is not installed, connected to the grid and registered for FITs before 30 June 2012, when the FIT tariff is likely to be reduced.</p>	<p>MORE Renewables has secured a loan facility from its directors. The PV on the terraces is to be financed initially by Lancaster Cohousing. Thus the system can be installed before monies are raised by the share offer to meet the 30th June deadline.</p> <p>However, registration for FITs can only be done once the system is connected to the grid, which requires a live grid connection. The substation for the micro-grid has been constructed and Electricity North West has until 14th June to connect it to the grid. The substation is adjacent to the Mill, so connecting the Mill PV system to it should not be a problem. There may be delays connecting the PV systems on the terraces to the substation. MORE Renewables' agreement with Lancaster Cohousing states that if the PV systems on the terraces are not registered for the FIT before the end of</p>	<p>Low</p>

	June the rate paid for electricity will be re-negotiated to compensate MORE Renewables for the loss in FITs income.	
2. Lancaster Cohousing defaults on its loan to Triodos bank, which is financing the construction of the houses, and Triodos bank decides to excise their legal right to terminate the lease with MORE Renewables	Lancaster Cohousing has pre-sold 36 of the 41 homes. 70% of the purchasers currently have the cash or mortgage to purchase their home available, and are not waiting to sell an existing property. Ground works on the construction (the phase where cost increases are most likely) have been completed and the construction is likely to be within budget. This reduces the risk of Lancaster Cohousing defaulting on the loan, which will be repaid once the construction is finished.	Low
3. There may be loss or damage to the panels, maintenance to roofs or mechanical or electrical equipment failure that interrupts generation of electricity, reducing MORE Renewables' income.	MORE Renewables will be insuring the PV system, but such insurance will be subject to an excess, so some loss of income is likely to result if they are damaged. Good quality panels and inverters have been specified, to reduce the risk of their failure. Panels have a 10-year product warranty and a 25-year linear performance warranty (this guarantees that the reduction in power output per year from year 2-25 will be no more than 0.7% per year). We intend to purchase 20-year warranties for the inverters (which on average last only 10 years).	Low
4. The Halton area may have much lower levels of sunshine than expected, resulting in reduced output of the panels and reduced income.	The amount of sunshine will of course vary and it is possible that we may have particularly cloudy months or seasons, reducing output from the panels to below that expected in particular years. This will result in income being lower than anticipated in some years. However, it is likely that over the 25 years particularly cloudy periods will be off-set by particularly sunny ones. The data that we have collected for existing PV systems in the local area suggest that they outperform the predicted performance, suggesting that	Low

	sunshine levels are in fact higher than assumed in the Standard Assessment Procedure, used by installers to calculate the performance of PV systems.	
4. Administrative and maintenance costs may rise faster than anticipated as a result, for example, of changes to legislation, resulting in MORE Renewables' operating costs being greater than anticipated, reducing returns to investors.	Directors will closely monitor ongoing costs and the membership may be able to play a role in minimizing on-going administrative costs e.g. by receiving communications electronically. Solar PV systems are generally very low maintenance and we have specified high-quality equipment to reduce the need for future maintenance.	Low
5. Changes in FITs legislation may impact retrospectively, reducing our FITs income.	Whilst it is expected that future changes to FITs legislation will reduce the rate paid to new systems, the government has said that such changes will not be retrospective, i.e. systems will receive the rate current when they registered for FITs, under the conditions applicable at that time.	Low
5. Whilst it is the intention of MORE Renewables to seek to qualify under and then to be managed to continue to qualify under the EIS there can be no guarantee that this status can be achieved or maintained. If MORE Renewables ceases to qualify within three years of your investment you may have to repay any income tax relief you have received.	The directors have taken the best current advice to ensure that we qualify for the Enterprise Investment Scheme. However, it may simply be unavailable. Your decision as to whether to invest should not assume that you are likely to qualify for EIS.	Medium
6. The share offer fails to raise the £105,000 required.	MORE Renewables will find other ways of financing the installations, such as a long term loan from directors. This may result in the cost of loan repayments reducing the returns to members. We will also re-open the share offer to allow more people to invest. Most community share offers, however, do manage to raise funds of this order.	Low
7. MORE Renewables does not	To provide funds for those who wish to	Medium

have sufficient funds available to repay shares on request.	withdraw shares (over and above that put aside each year in the capital fund), MORE Renewables may re-open this share offer to allow existing members to increase their shareholding (up to the legal maximum of £20,000), or to allow new people to become members by buying shares. MORE Renewables can also borrow money from its members or from a bank to repay shares.	
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9. Timetable

The Share Offer will remain open until 18^h June, but will be closed early if the Maximum Capital is raised before then. The Directors expect the following timetable to apply, although the Offer Period may be extended or re-opened.

15 th May 2012	Offer period opens
18 th June 2012	Offer period ends (unless closed early or extended)
4 weeks after closure date	Share certificates issued.

10. Terms & Conditions

You cannot withdraw your application for shares after we receive your application form.

The Directors do not have to accept your application for shares. They may decide not to issue shares to you or may allocate you fewer shares than you applied for. They do not have to give any reasons for their decision, but will consider applications in the order in which they are received, and are likely to accept those who have applied first, so the earlier the application, the more likely it is to be successful. Directors may also limit the number of Class A Shares paid for in instalments, and may scale back the number of shares allocated to those who apply for more than £2,000 shares (see Section 8).

MORE Renewables will acknowledge receipt of your cheque and application and may cash your cheque as soon as it is received. MORE Renewables will hold your money on trust for you until the Directors consider your application. However, we may use some of this money immediately, to finance installation of the PV panels. If we do so, then any money so used is guaranteed by the loan facility in place, so that we will be able to return money to subscribers in the event of their application being unsuccessful, or the share offer itself not succeeding for any reason. Once the Directors have issued shares to you, the money will belong to MORE Renewables (to the extent that the Directors take it as payment for shares).

MORE Renewables will not pay you interest on any money it returns to you, or on the money you send us to buy your shares, before we issue the share certificates.

MORE Renewables will only accept and make payments in pounds sterling.

YOUR PROMISE TO MORE RENEWABLES

You promise that:

Your cheque will be honoured on presentation.

You as an individual are at least 16 years of age.

You have the authority to sign the application form. If you are signing it for another person you will provide the Directors with evidence of your authority to sign if they ask to see it.

You will give proof of your identity and address if the Directors ask for it. They may need to do this for anti-money laundering purposes. The Directors may have to hold your shares until they see this.

You agree to communications from us being by e-mail if you give us your e-mail address and to inform us if you change your e-mail address.

You will inform us if you change your postal address or name.

DEMUTUALISATION

Your attention is drawn to rule 64 of MORE Renewables' rules which states that if MORE Renewables is wound up any asset remaining after it has met its liabilities (including repaying shares to its members) are not to be distributed to its members but to be transferred to another non-profit, co-operative or charitable body or bodies subject to at least the same degree of restriction on the distribution of surpluses and assets as MORE Renewables.

Before completing the application form you should:

Read the accompanying share offering.

Pay special attention to the risks set out in Section 9.

Consider taking financial or other advice in relation to the terms and conditions of this share offer.

Read the Rules of MORE Renewables and other supporting information.

11. Legal Statement

This Offer and any agreement entered into for the purchase and sale of shares in MORE Renewables is governed by the law of England and Wales. The courts of England and Wales have exclusive jurisdiction. You will be bound by the Rules of MORE Renewables

and any secondary Rules that the Directors of MORE Renewables may agree from time to time, if the Directors issue shares to you.

12. Banker

The Cooperative Bank plc
P.O. Box 250
Delf House
Southway
Skelmersdale
WN8 6WT

13. Further Information

The following documents are available on our website:

MORE Renewables Rules (our constitution)

MORE Renewables secondary rules

Lease with Lancaster Cohousing

If you do not have access to the internet we will be happy to send you hard copies of these, just contact us by post or phone:

MORE Renewables,
8 Ridge Square,
Lancaster,
LA1 3ES
01524 380 960

14. Glossary

EIS	Enterprise Investment Scheme, This is explained in Appendix 2.
FIT	Feed in Tariff. A government scheme to encourage energy generation from renewable sources. There are two parts: payment for each unit of electricity generated, however it is used, and payment for each unit of electricity exported to the National Grid.
HMRC	Her Majesty's Revenue and Customs
kW	kilowatts, a thousand watts, watts being a unit of power (i.e. energy per second).
kWp	kilowatt peak, applied to solar PV systems is the maximum power a system can produce.
kWh	kilowatt hour, the amount of power multiplied by the time for which it is produced (i.e. the amount of energy produced by a system)
p/kWh	pence per kilowatt hour
Solar PV	Solar photovoltaic. Solar PV systems produce electricity from sunlight.

15. Share Application Form

APPLICANT DETAILS: if applying jointly give all names but one address, on a separate sheet if required

Title (Mr/Mrs/Ms/other) Forename(s)

Surname

Address

Town Postcode

Please provide a daytime telephone number in case of queries relating to this application:

If you are happy to receive future communication from MORE Renewables by e-mail please provide your e-mail address

If you want to buy shares on behalf of a child:

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

Child's address (if different from above): Postcode:

CORPORATE MEMBERSHIP:

Full name of company

Registered number

Address for correspondence

Contact name

Telephone

e-mail

AMOUNT TO INVEST *You may invest no less than £500 and no more than £20,000 (unless the investment is being made by an Industrial and Provident Society)*

I/We wish to invest a total amount of: £1,000 £2,000 £5,000 Other £....

in Morecambe Bay Community Renewables Ltd. (MORE Renewables) on the Terms and Conditions of the Share Offer

I wish to purchase (please tick) Class A shares Class B shares

If you wish to pay for class A shares in instalments please also complete the standing order form.

YOUR BANK DETAILS: – so we can pay your share interest by direct bank transfer:

Bank Account name
Sort Code Account number

DECLARATION

I/We confirm my/our understanding that:

- This application, if and when accepted by MORE Renewables, forms a contract subject to English law on the Terms and Conditions of the Offer Document;

I/we confirm that:

- I/We have read the share offering, including risk factors
- To the extent that I am an individual, I am over 16 years old
- I/We am/are not making an application that would result in an aggregate holding for more than 20,000 shares (unless these are to be held by an Industrial and Provident Society)
- I/We will give proof of my/our identity and address if the Directors ask for it. They may need to do this for anti-money laundering purposes. The Directors may have to hold my/our shares until they see this.
- I/We am/are not relying on any information which is not included in the share offering.

SIGNATURE(S) For joint applications, all applicants (up to four persons) must sign below:

	Date: <input type="text"/>
--	----------------------------

Please send with your cheque made payable to Morecambe Bay Community Renewables or completed Standing Order Mandate to:

MORE Renewables, 8 Ridge Square, Lancaster, LA1 3HR

STANDING ORDER MANDATE

To: The Manager

Name of your bank

Address of your bank

Please pay: The Co-operative Bank

P.O. Box 250

Delf House

Southway

Skelmersdale

WN8 6WT

For the credit of: Morecambe Bay Community Renewables Ltd.

Bank Details:

Account Number 65511369

Sort Code 089299

The sum of:

*Please enter the amount
in figures and words to
be paid every month*

Commencing on ___ / ___ / _____ [Day/Month/Year] and thereafter on the ___ [Day] day of the month for ___ [no. of months, must be less than 10] months and debit my account accordingly:-

Account to be debited:

Your bank account name

Account number:

Sort code:

Signature: _____

Date: _____

Please send this form with your Share Application Form to:
MORE Renewables, 8 Ridge Square, Lancaster, LA1 3HR

Appendix 1 Financial projections

MORE Renewables

Lancaster Co-housing PV scheme

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Profit and Loss Account	25												
	year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
TOTAL	£												
INCOME													
Annual FITs	201,410	6,098	6,281	6,469	6,523	6,671	6,822	6,975	7,132	7,292	7,455	7,621	7,791
Electricity payments	122,568	3,711	3,822	3,937	3,970	4,060	4,151	4,245	4,340	4,438	4,537	4,638	4,741
Interest receivable	6,860	-	71	124	158	9	52	96	143	10	68	130	195
Total income	330,838	9,809	10,174	10,530	10,651	10,740	11,025	11,316	11,616	11,740	12,060	12,389	12,726
EXPENDITURE													
Administration costs	95,706	2,625	2,704	2,785	2,868	2,954	3,043	3,134	3,228	3,325	3,425	3,528	3,634
Maintenance costs	2,687	-	-	-	-	-	100	103	106	109	113	116	119
Insurance	18,230	500	515	530	546	563	580	597	615	633	652	672	692
Sub total expenditure	116,622	3,125	3,219	3,315	3,415	3,517	3,723	3,834	3,949	4,068	4,190	4,316	4,445
Share Interest payments	74,550	2,100	3,150	4,200	4,200	3,780	3,780	3,780	3,780	3,360	3,360	3,360	3,360
Community benefit payment	24,413	525	788	1,050	1,050	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Expenditure	215,585	5,750	7,156	8,565	8,665	8,297	8,503	8,614	8,729	8,428	8,550	8,676	8,805
Operational Surplus/(deficit)	115,253	4,059	3,018	1,964	1,986	2,443	2,522	2,702	2,886	3,312	3,510	3,713	3,921
Depreciation of assets (1)	105,000	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Surplus/(deficit) before taxation (2)	10,253	(141)	(1,182)	(2,236)	(2,214)	(1,757)	(1,678)	(1,498)	(1,314)	(888)	(690)	(487)	(279)
Corporation tax for the period	3,051	0	0	0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) after taxation	7,202	(141)	(1,182)	(2,236)	(2,214)	(1,757)	(1,678)	(1,498)	(1,314)	(888)	(690)	(487)	(279)
Surplus/(deficit) brought forward	0	0	(141)	(1,324)	(3,559)	(5,773)	(7,530)	(9,208)	(10,706)	(12,020)	(12,908)	(13,599)	(14,086)
Surplus/(deficit) carried forward	7,202	(141)	(1,324)	(3,559)	(5,773)	(7,530)	(9,208)	(10,706)	(12,020)	(12,908)	(13,599)	(14,086)	(14,364)

Profit and Loss Account

	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25
INCOME													
Annual FITs	7,964	8,140	8,320	8,503	8,689	8,879	9,073	9,270	9,471	9,676	9,885	10,097	10,313
Electricity payments	4,846	4,954	5,063	5,174	5,288	5,404	5,521	5,642	5,764	5,888	6,015	6,145	6,276
Interest receivable	79	156	236	321	225	322	423	529	455	574	698	826	960
Total income	12,889	13,249	13,619	13,998	14,202	14,605	15,018	15,441	15,690	16,138	16,597	17,068	17,549
EXPENDITURE													
Administration costs	3,743	3,855	3,971	4,090	4,212	4,339	4,469	4,603	4,741	4,883	5,030	5,181	5,336
Maintenance costs	123	127	130	134	138	143	147	151	156	160	165	170	175
Insurance	713	734	756	779	802	826	851	877	903	930	958	987	1,016
Sub total expenditure	4,578	4,716	4,857	5,003	5,153	5,308	5,467	5,631	5,800	5,974	6,153	6,338	6,528
Share Interest payments	2,940	2,940	2,940	2,940	2,520	2,520	2,520	2,520	2,100	2,100	2,100	2,100	2,100
Community benefit payment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Expenditure	8,518	8,656	8,797	8,943	8,673	8,828	8,987	9,151	8,900	9,074	9,253	9,438	9,628
Operational Surplus/(deficit)	4,371	4,594	4,821	5,055	5,529	5,777	6,031	6,290	6,790	7,065	7,344	7,630	7,921
Depreciation of assets (1)	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Surplus/(deficit) before taxation (2)	171	394	621	855	1,329	1,577	1,831	2,090	2,590	2,865	3,144	3,430	3,721
Corporation tax for the period	0	0	0	0	0	0	0	0	0	0	0	1,466	1,584
Surplus/(deficit) after taxation	171	394	621	855	1,329	1,577	1,831	2,090	2,590	2,865	3,144	1,963	2,137
Surplus/(deficit) brought forward	(14,364)	(14,193)	(13,800)	(13,178)	(12,324)	(10,995)	(9,417)	(7,587)	(5,497)	(2,907)	(42)	3,102	5,066
Surplus/(deficit) carried forward	(14,193)	(13,800)	(13,178)	(12,324)	(10,995)	(9,417)	(7,587)	(5,497)	(2,907)	(42)	3,102	5,066	7,202

NOTES

(1) Depreciation of assets are the capital costs of the system depreciated over 25 years, not payments paid out every year.

(2) Deficit before taxation – the system pays back after 12 years, at which point we start to make a surplus

Appendix 2 Possible enhanced return through the Enterprise Investment Scheme (EIS)

This is a government scheme to give investors a financial incentive to invest in smaller, higher-risk ventures. It works by giving you tax relief, which you claim when you do your tax return. EIS tax relief may be between 30% and 50% of the cost of the shares.

This is best shown through an example...

Say you invest £1,000 in MORE Renewables. You can claim tax relief of £300 (30% of £1,000) – you will do this on your 2012/13 tax return under 'Other tax reliefs'. This will reduce the income tax payable by £300. Your £1000 investment will therefore have only cost you £700. However, the return that MORE Renewables pays will be on the original £1,000 invested. So if we pay a return of 4%, your actual return will be 5.7% (£40 on £700).

However, there are several if's and but's. Firstly, you need to pay sufficient tax in this tax year to claim tax relief! Secondly, you need to hold your shares for a minimum of three years from when we start trading (this is a condition of purchasing our 'class B' shares).

You would normally claim tax relief in the same tax year as your investment (2012/13). You can do this once we send you form EIS3, which will allow you to claim relief on your self-assessment tax form. We can only do this once HMRC approves our share offer as one which qualifies under the EIS rules, and we can only submit our application after we have been trading for 4 months. So it will be 6-8 months before you will know the outcome.

Our share offer is designed to enable you to qualify for EIS, but we cannot guarantee this. Our type 'B' shares are intended to qualify for EIS, type 'A' shares will definitely not qualify.

The law is due to change, so it is quite possible that EIS will not be available. As a result, you should not base your decision to invest on any likelihood of qualifying for EIS tax relief. The current EIS rules allow tax relief of 30%, but additionally, a new version of EIS for smaller start-up companies is planned to come into operation. This is called the Seed Enterprise Investment Scheme (SEIS) and if our share offer is deemed to qualify, then tax relief of 50% of your investment could be granted. The SEIS rules are contained in the 2012 Finance Bill which is currently going through parliament. It is expected to be passed in June but will apply retrospectively from April 6th 2012.

In the draft Finance Bill 2012 (section 198(A)2-6), enterprises benefiting from FITs income largely derived from wind or solar will no longer qualify under the EIS scheme. But if the investment is provided by an Industrial & Provident Society (as we are), then this disqualification will not apply. However, the Bill has to be passed as primary legislation, so it is quite possible that the wording will change and our share offer will not qualify for EIS relief after all.

More information on the Enterprise Investment Scheme is available from HMRC: www.hmrc.gov.uk/EIS.

You can also find information at the EIS Association's website: www.eisa.org.uk