



## **Torrshydro New Mills Ltd**



Archie in operation, photo: Visit New Mills

### **An invitation to invest**

This document details and contains an invitation to subscribe for shares in Torrshydro New Mills Ltd.

Torrshydro New Mills Ltd referred to as "Torrshydro" in this document was established for the specific purpose of owning and maintaining the Torrshydro Electric Scheme (Scheme).

A share of the revenue from the scheme will help Torrshydro achieve its aim to help regenerate the community and to promote the environmental sustainability of the New Mills area.

Investing in Torrshydro should be seen as a social investment, not a financial investment. Your money will fund a community owned public-spirited organisation aiming to invest its profits in the local community.

*This document is important and requires your detailed attention. If you require any advice you should consult with a bank manager, solicitor, accountant, stock broker or other independent financial adviser authorised under the Financial Services and Markets Act 2000.*

**This document is valid from 19 May 2014**

Registered office: 90 Market Street, New Mills, High Peak, SK22 4AA.

## **Introduction**

Torrs Hydro is a Community Benefit Society.

Its aims are to :

- Help regenerate the community and environmental sustainability of the New Mills area;
- Provide an opportunity for public-spirited people and organisations to contribute financially to the community, with the expectation of a social dividend, rather than personal financial reward.

Examples of the ways in which Torrs Hydro are carrying out its aims include:

- They operate a grant system (called the Torrs Hydro Community Fund) funded by the revenues from the Scheme;
- They offer regular public open afternoons and host visiting school tours;
- They provide knowledge, experience, mentoring and encouragement to other prospective hydroelectric schemes.

## **Torrs Hydro Electric Scheme (Scheme)**

The scheme, popularly known as "Archie", is a flagship scheme that has demonstrated community owned hydro electricity power generation.

It is on the site of Torr Mill where the rivers Sett and Goyt meet in the Torrs Riverside Park, New Mills, High Peak.

The Scheme has been generating renewable energy since September 2008.

This energy is sold to and used directly by New Mills Cooperative Food store on Church Road, New Mills with any additional electricity being fed into the National Grid. Torrs Hydro also receive Renewable Obligation Certificates (ROCs) for the electricity generated.

The site is managed on a daily basis by a maintenance team of local volunteers with the backup of expert help as required.

## **Governance and Directors of Torrs Hydro**

Torrs Hydro is a Community Benefit Society. It was formed in 2007. Torrs Hydro follows a set of rules for governance and an approved code of practice as recommended by the Financial Conduct Authority.

Torrs Hydro operates on a 'one member, one vote' principle regardless of the number of shares held.

Directors are appointed at the Annual General Meeting (AGM). They are appointed for up to 3 years. The directors do not receive any remuneration for their work as a director other than incurred expenses. The society has no paid staff.

## **Shares offered**

Each share in Torrs Hydro has a nominal value of £1. The minimum shareholding for an individual is £250 and the maximum (set by law) is £20,000.

## **What are you investing in?**

Your investment in Torrs Hydro is in a Community Benefit Society and consists of withdrawable share capital. Potential investors should be aware that the law and the rules for community benefit societies differ from that governing other cooperatives they may be familiar with. The terms are set out in the Investment Information for the Issue of Shares (see below page 4).

Your investment will buy a share in the Scheme (the building and the equipment) and a voting right which will allow you to participate in the operation of Torrs Hydro. If the financial returns allow, you will receive a modest interest payment in return for your investment. As you may not be able to withdraw your shares, shareholders may want to consider setting aside a proportion of these interest payments to cover their initial share investment.

While shares may be withdrawn, subject to 180 days notice and the 3 year holding period, the Board is keen to attract members who are committed to a long-term investment in Torrs Hydro (initially a minimum of 10 years) to enable Torrs Hydro to achieve its main aims. The Directors of Torrs Hydro have the right to suspend withdrawals, but they do not presently intend to do so other than in exceptional circumstances. Please refer to the Investment Information for the Issue of Shares (see page 4 onwards) for further details.

## **Why do we need your investment?**

The additional shares are being offered to raise capital to pay off the outstanding loan from the Co-operative Bank. By paying off the loan, Torrs Hydro would become debt free. Torrs Hydro has found that power generation is variable and paying off the loan will help cash flow.

The society voted at its AGM on 29<sup>th</sup> March 2014 to raise the total share holding to 175,000 shares to fund the loan repayment.

## **The Social return on your investment**

Interest to members will only be paid in accordance with Torrs Hydro's aims to be of benefit to the community.

Profits will be used to maintain a contingency fund, with excess funds being distributed between the shareholders (as an interest payment) and the Torrs Hydro Community Fund. How these excess funds are allocated is decided at the AGM each year.

The Torrs Hydro Community Fund is used to fund the community aims.

The maximum interest payable on all shares is 7.5 %. It is unlikely that Torrs Hydro will be able to pay interest every year and interest payments are likely to be significantly less than 7.5%, even in years when generation is above average.

## **Timetable**

This document will remain valid until all available shares have been sold or 30 September 2014 whichever is first.

The offer is open to all on a first come, first served basis with one exception. Applications from existing shareholders received before 1<sup>st</sup> July 2014 will have priority.

The board of directors will approve outstanding applications from time to time while this document is valid.

## **Investment information for the Issue of Shares**

This document details and contains an invitation to subscribe for shares in Torrs Hydro New Mills Limited (Torrs Hydro).

**It is important and requires your detailed attention. If you require any advice, you should consult with a bank manager, solicitor, accountant, stockbroker or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

## **Investment Information**

Please read this section carefully – it sets out the details of becoming a member and investor in Torrs Hydro New Mills Limited (hereafter: Torrs Hydro). Membership is open to individuals, corporate bodies, voluntary organisations and public sector investors.

## **Legal Information**

This document is issued by Torrs Hydro, registered with the Financial Conduct Authority, as a Community Benefit Society incorporated in England and Wales on the 20<sup>th</sup> September 2007 under the Industrial and Provident Societies Act 1965 and the Co-operative and Community Benefit Societies and Credit Unions Act 2010 (c.7). Torrs Hydro is a society for the benefit of the community, number IP30335R.

## **Shareholdings**

- All shareholders are subject to the terms set out in the Rules of Torrs Hydro.
- There is only one class of ordinary withdrawable share.
- The shares are not transferable; they cannot be sold or traded.
- Shares must be held for a minimum of 3 years
- They will never be worth more than their nominal value (£1).
- You can request to withdraw your shares with 180 days notice. In the case of joint investments, all investors concerned must agree to the withdrawal.
- Shares will be repaid at the original price (subject to the comments hereafter).
- The Directors of Torrs Hydro have the right to change the notice period for withdrawals, or to suspend withdrawals, but they do not presently intend to do so other than in exceptional circumstances.
- The Directors have the right to write down the value of shares, if the liabilities of Torrs Hydro (and its share capital) should exceed the value of its assets. Shareholders who then withdraw their shares will only receive the written down value of their shares.

- In the event of Torrs Hydro ceasing to trade, shareholders will be re-paid up to a maximum of £1 for every £1 share owned, once all creditors have been repaid in full. Please see the "risk factors section" below.

### **Nomination option**

In the event of the death of a shareholder, the repaid value of the shares will normally be added to the estate for probate purposes. The board recommend that you nominate a recipient for the value of the shares (but only up to £5,000) and thus (under current legislation) remove the value of the shares (up to £5,000) from your estate for probate purposes (but not tax purposes).

### **Voting**

Each member has one vote regardless of the size and value of their shareholding. Members are kept informed of Torrs Hydro's services and developments through an occasional newsletter, a website, the annual reports and the Annual General Meeting.

### **Dividends**

Provision is made in the Torrs Hydro Rules for paying interest on the share capital at such rate or rates as may be determined by the board of directors from time to time and agreed at the AGM. In line with the Rules, the directors intend to pay interest which will allow the society to also contribute financially to the local community through grants.

### **Risk Factors**

The directors have identified the following risks:

- The price of electricity can go down as well as up.
- The amount of electricity generated and therefore the income is variable and can not be predicted.
- Changes in Government legislation may affect the scheme.
- The Renewables Obligation Certificate scheme may be reviewed at a future date and is anyway due to end in 2027
- The Abstraction License is due to be reviewed in 2017. Although there is a 'Presumption of Renewal' the License may not be renewed or there may be changes to the conditions of the License.
- There may be interruptions to generation of electricity caused by mechanical/electrical failure of equipment.
- There may be circumstances in which the weir is damaged, causing an interruption to generation of electricity.

The directors will seek to protect against these risks through prudent management practices.

## **Social Investment**

Investing in Torrs Hydro should be seen as a social and not a financial investment.

Torrs Hydro is permitted to pay interest on your shares. The society will pay only a low rate of interest on money paid for its shares and may pay no interest at all.

Interest is paid to the shareholder of record at 30<sup>th</sup> September.

Please note:

- By law we cannot offer a generous interest rate
- You should **not expect** to receive any interest on your shares.

You may lose the value of your shares. As a Community Benefit Society, Torrs Hydro does not need to be authorised by the Financial Conduct Authority to take deposits by issuing these withdrawable shares. It is not regulated, to the extent that it is taking deposits by issuing withdrawable shares. Therefore, the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme. Torrs Hydro has paid up capital and reserves in excess of £100,000.

Our shares are not "investments" for the purposes of the Financial Services and Markets Act 2000. Therefore, you do not have the level of protection that you might otherwise be offered by the Act. In particular, this document does not need approval (and has not been approved) by an "approved person" under Section 57 of the Financial Services and Markets Act 2000.

This issue of shares is not regulated by the Financial Services and Markets Act 2000 or subsidiary regulations.

This document is not regulated by the Prospectus Regulations 2005. Those regulations do not apply because there is a specific exemption for industrial and provident societies that conduct their business for the benefit of the community.

Should Torrs Hydro get into financial difficulties:

- We may have to suspend your rights to withdraw your shares
- We may have to write down the value of your shares
- You may lose all the money you pay for your shares

If you are in any doubt about the information contained in this document, you should consult an Independent Financial Adviser authorised under the Financial Services and Markets Act 2000, or you should seek advice from a solicitor or accountant.

These documents are available for your inspection from the secretary and are published on the Torrs Hydro website [www.torrshydro.org](http://www.torrshydro.org):

- The Rules of Torrs Hydro New Mills Limited
- Torrs Hydro New Mills Limited Annual Reports
- Financial Accounts of Torrs Hydro New Mills Limited.

You may inspect the originals, during normal business hours at the registered office by prior arrangement.

## **Terms and Conditions for applying for Shares**

### **Your Application**

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 less shares than you applied for. They do not have to give any reason for their decision.

Your application will be considered for approval at the first convenient Board of Directors meeting, and therefore you should not expect an immediate response.

### **Your Payment**

When your application has been considered, you will be notified of the decision. Torrs Hydro will not cash your cheque until they have approved your application.

The directors will return your application and uncashed cheque to you (within twenty eight days of the Board of Directors meeting at which we consider your application) if they decide not to issue shares to you. If they decide to issue fewer shares to you than you applied for, they will return the balance to you (within twenty eight days of that Board of Directors meeting).

The money will belong to Torrs Hydro as soon as the directors issue shares to you (to the extent that they take it as payment for shares).

The company will not pay you interest on any money it returns to you.

### **Your promises to us.**

You promise that:

1. Your cheque will be honoured on presentation.
2. You, as an individual, are at least 16 years of age.
3. You have 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.
4. You will supply us with proof of your identity and address, if the directors ask for it. We may need to do this to comply with the Money Laundering Regulations 2007. The directors may have to hold back your shares until they see this.
5. You are a EU Citizen and resident in the United Kingdom.

## **Demutualisation – protection from “carpet-baggers”**

You may not benefit financially from your shares if Torrs Hydro converts, or transfers its business or is wound up. In this case, the only financial benefits you may receive from your shares are:

1. The possibility of interest (at a low rate).
2. The possibility of the return of the money you pay for your shares.

The directors draw your attention to your obligations under rule 14 regarding the windfall if the Society converts, transfers its business, or is wound up.

Should any greater financial benefit come into your hands, it will belong to such charity or community benefit society as we may nominate from time to time. You are to hold the benefit on trust for that charity or community benefit society.

To secure that (and your obligations under Rule 14.2 of our Rules) you appoint as your attorney the person holding office (from time to time) as our Secretary. That appointment is irrevocable. Your attorney has power to sign – on your behalf – an undertaking for which we may ask in accordance with Rule 14.3.

## **Miscellaneous**

The law of England applies to these terms.

The courts of England and Wales have non-exclusive jurisdiction.

You will be bound by the rules of Torrs Hydro (as may be amended from time to time) if the directors issue shares to you.

The registered office for Torrs Hydro New Mills Limited is:

90 Market Street, New Mills, High Peak, SK22 4AA

## **Bankers**

Co-operative Bank, Balloon Street, Manchester, M60 4EP

## How to invest

## Individual Applicants

To become a member requires the purchase of shares. Each share costs £1. Each shareholding member has one vote, regardless of the size of their shareholding.

For this offer, the minimum shareholding is £250 for new shareholders, £100 for existing shareholders. The maximum permissible shareholding is £20,000.

Investors have a 14 day cooling off period from receipt of the application during which they may withdraw their application under the Distance Marketing Regulations.

### Application form

I/We wish to become a member of Torrs Hydro New Mills Ltd in accordance with the rules, and apply for £\_\_\_\_\_ shares, and enclose payment for that amount (cheques payable to Torrs Hydro New Mills Ltd).

### Name and address (existing members please give your share register number, if known)

For joint applications, all applicants (up to 4 persons) must sign (please photocopy this form if there are more than 2 joint applicants).

Existing member and share register number	Y/N	
First name(s) in full		<b>Joint applications</b>
Last name		
Address		
Telephone		
E-mail		

I want my AGM papers emailed to me

I want my newsletters emailed to me,

### Nomination form

If you wish to nominate a person to whom you wish your shares to be transferred to on your death, please tick the box and complete a "Nominee Appointment Form".

### Agreement

I am at least 16 years old.

I agree to be bound by the Terms and Conditions included in the attached invitation to invest and the Rules of Torrs Hydro

I understand that the Society's Board may reject my application and does not have to tell me why it has been rejected.

### Data protection & money laundering

The data provided by you on this form will be stored within a computerised database. This data will only be used for Torrs Hydro purposes and will not be disclosed to a third party. It is a term of the offer that to ensure compliance with the Money Laundering Regulations 2007, Torrs Hydro may at its absolute discretion require verification of identity from any person seeking to invest.

### Signed as a deed

Signed		
Witness signature		
Witness Name		
Date		

Please return, enclosing your cheque, to : Torrs Hydro New Mills Ltd, 90 Market Street, New Mills, High Peak, SK22 4AA

# Nominee Appointment Form

This form should only be completed if you wish to nominate a person to receive your shares on your death.

**YOUR FULL NAME:**

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Shareholder Reference (if known)

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**YOUR ADDRESS:**  
(We will use this address when we write to you)

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You can nominate a person to whom you wish your shares to be transferred on your death. We will respect those wishes (so far as the law and our Rules permit).

If you are a joint holder and you do not wish your holding to pass to the other joint shareholder(s) then you must complete this form. You may nominate a person to whom you wish your joint shareholding to be transferred on your death.

Please name your choice of nominee below.

**YOUR NOMINEE'S**

FULL NAME:

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**YOUR NOMINEE'S**  
ADDRESS:

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I understand that it may not be possible for Torrs Hydro New Mills Limited (the Society) to action this request and I and my heirs will not hold the Society responsible for its actions.

I understand that these instructions can only be revoked or amended by my giving clear written instructions to the Secretary of the Society at the registered office.

I understand that trustees will need to be appointed if my nominee is under 16 years of age.

Signed as a deed

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Witness signature

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Witness name

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Date

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Please return, enclosing your cheque, to: Torrs Hydro New Mills Ltd, 90 Market Street, New Mills, High Peak, SK22 4AA

## How to invest

## Corporate Applicants

To become a member requires the purchase of shares. Each share costs £1. Each shareholding member has one vote, regardless of the size of their shareholding.

For this offer, the minimum shareholding is £250, £100 for existing shareholders.  
The maximum permissible shareholding is £20,000.

Investors have a 14 day cooling off period from receipt of the application during which they may withdraw their application under the Distance Marketing Regulations.

### Application form

We wish to become a member of Torrs Hydro New Mills Ltd in accordance with the rules, and apply for £\_\_\_\_\_ shares, and enclose payment for that amount (cheques payable to Torrs Hydro New Mills Ltd).

### Official name and correspondence address

Full Official Name	
Address for correspondence	
Registered number	
First Contact name	
Second Contact name	
Telephone	
E-mail	

I want my AGM papers emailed to me

I want my newsletters emailed to me,

### Agreement

We agree to be bound by the Terms and Conditions included in the attached invitation to invest and the Rules of Torrs Hydro.

We understand that the Society's Board may reject our application and does not have to tell us why it has been rejected.

### Data protection & money laundering

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### Signed as a deed

Director	
Director / Secretary	
For and on behalf of	
Date	

Please return, enclosing your cheque, to: Torrs Hydro New Mills Ltd, 90 Market Street, New Mills, High Peak, SK22 4AA