

Fibre for Rural Nottinghamshire

Community share offer



Update to proposal - April 2016

In January 2016, we issued a community share offer and business plan describing the proposals to develop an ultra-fast broadband network to serve the Parish of Fiskerton-cum-Morton, as well as supporting other rural communities in Nottinghamshire to develop their own high speed broadband service.

These plans set out the ambition to deliver a 100% fibre optic network that would serve every property in the two villages, starting from a hybrid fibre and wireless network, and delivering symmetrical speeds of up to 100Mbps to every subscriber. To achieve these goals the share offer aimed to raise at least £120,000 and set a maximum subscription of £150,000.

The response from the local community has been fantastic. We have raised £106,750 and the committee are now being asked by lots of people when we will start building the network.

As we did not reach our original target we can only proceed if we issue a revised business plan and ask subscribers if they wish to continue.

The good news is that we have been working very hard on the costs of the network, negotiating with suppliers for better deals and revisiting our designs - initially delivering more of the service by wireless but then overlaying the network with fibre to progressively increase the performance and work towards the original goal of fibre to every home or property. We have also identified a company that will help us to install the wireless network and provide ongoing support to the wireless and fibre network once it is in operation. This still means that we need plenty of volunteers to help build the network but the more specialist work and the long term support are covered.

In the last few weeks, there was more good news with Ofcom announcing that they will require BT to open up access to their poles and underground ducts. This will not happen over night, but within the next two years this ruling will make it much easier for F4RN to install fibre to the properties in the centre of Fiskerton and Morton.

The revised designs mean that with £100,000 we can deliver ultra-fast, 100Mbps symmetrical broadband to every property in Fiskerton and Morton and install the fibre-optic backbone.

With more investment in shares we can roll out more of the fibre optic network straight away - concentrating on those customer who have invested and signed up already.

What happens now?

Please take the time to review our revised business plan and proposals .

- **17th April, 3pm**, at the Arthur Radford Memorial Hall we will hold a meeting to go through the proposals and answer any questions.
- **Week commencing 25th April** - Cheques and online investments will be cashed and we will start work to build the network. All investors become members of the Society with a say in the future development and operation of the broadband network.
- If you have signed up for shares but now decide that you do not want to invest in the revised scheme then please contact us at info@f4rn.org.uk to let us know

The share offer will remain open until 25th April and further investments are still possible and very welcome!

The revised proposals

The target remains to deliver ultra-fast, up to 100Mbps symmetrical broadband to every property in Fiskerton-cum-Morton and to build a network capable of delivering 100% fibre direct to every property. This will be achieved by:

- Bringing a fibre optic connection to the national network directly into the Parish - with the primary cabinet at or near the Trent Valley Equestrian Centre. This gives us full control of the connection speeds and how the broadband is shared between the subscribers.
- Installing a second cabinet at the Sports and Gala Association in Cooks Lane, Fiskerton.
- Building a high performance wireless network that covers every property. A number of wireless access points will be installed in the villages to ensure that the distances covered by wireless are as short as possible.
- Laying the fibre optic backbone between the two cabinets (TVEC and the Sports Ground) .
- Connecting as many of the wireless access points as possible to the fibre optic backbone - this will further improve the quality and speeds obtained over the wireless network.
- Then extending the fibre optic network in phases, as funding allows, to connect properties directly to the fibre. We anticipate that the core network and Phase 1 extension shown below can be delivered from the investment received to date. A decision on Phase 2 will be made once the wireless network and core network are developed.
- It may be necessary to make a charge for transferring from wireless to fibre, to cover the new customer modem, as the speed of the fibre roll-out and transfer depends on sufficient funds being available.
- As more customers subscribe to the network we can also increase the capacity of the main connection at TVEC to maintain the speeds obtained by the subscribers.

By starting with a wireless network we also have more time to plan the mole ploughing of the fibre optic ducting around the farmers' crops.

As all the connections will initially be delivered wirelessly we have approached two companies to help build and support the wireless broadband network. One will be contracted to carry out the installations for us as well as providing ongoing support once the wireless and fibre networks are in operation.

The costs of the installation and monthly subscription remain unchanged from our original proposals - The installation charge is £210 (including VAT) and the monthly subscription is set at £36 (Including VAT)



Overview of suggested route for the main fibre optic network.

- Core network (red)
- Phase 1 extension (purple)
- Phase 2 extension (green)

Individual connections to properties are not shown as it is expected that property owners will work together to agree the best way to connect to the core network.

This map is provided for indication purposes only. The exact route, timing of the construction and the extent of each phase will depend on the funding available at that time. Further extensions of the network to provide 100% fibre coverage will also follow as funding allows.

F4RN are not tax advisers. If you have any concerns you should speak to a professional adviser.

The HMRC have previously provided advanced assurance that the original share offer and business plan would qualify for SIES tax relief. They have also confirmed that the proposed changes to the plan should not affect the eligibility of the investment for SEIS relief.

Finances in detail

P&L	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
SALES							
Installation Rev	£ 19,250.00	£ 1,750.00	£ 1,750.00	£ -	£ -	£ -	£ -
Recurring Rev	£ 27,300.00	£ 41,700.00	£ 45,000.00	£ 46,800.00	£ 46,800.00	£ 46,800.00	£ 46,800.00
Other Rev.	£ -	£ -	£ -	£ -	£ -	£ -	£ -
TOTAL Rev	£ 46,550.00	£ 43,450.00	£ 46,750.00	£ 46,800.00	£ 46,800.00	£ 46,800.00	£ 46,800.00
 Cost of Sales	 £ 34,350.00	 £ 18,350.00	 £ 24,986.00	 £ 23,436.00	 £ 23,436.00	 £ 23,436.00	 £ 23,436.00
 Gross Profit	 £ 12,200.00	 £ 25,100.00	 £ 21,764.00	 £ 23,364.00	 £ 23,364.00	 £ 23,364.00	 £ 23,364.00
Overheads							
Expenses	£ 8,250.00	£ 11,900.00	£ 12,000.00	£ 12,300.00	£ 12,300.00	£ 12,300.00	£ 12,300.00
Depreciation	£ 6,205.41	£ 9,382.20	£ 9,748.87	£ 9,748.87	£ 9,748.87	£ 4,646.74	£ 3,626.32
Share Interest	£ -	£ -	£ -	£ -	£ -	£ 4,000.00	£ 4,000.00
Estimated Tax							£ 2,000.00
Profit	£ (2,255.41)	£ 3,817.80	£ 15.14	£ 1,315.14	£ 1,315.14	£ 2,417.26	£ 1,437.69
 Balance Sheet	 Year 1	 Year 2	 Year 3	 Year 4	 Year 5	 Year 6	 Year 7
Fixed Assets	£ 66,139.05	£ 103,139.05	£ 103,139.05	£ 103,139.05	£ 103,139.05	£ 103,139.05	£ 103,139.05
Depreciation	£ (6,205.41)	£ (15,587.61)	£ (25,336.48)	£ (35,085.34)	£ (44,834.21)	£ (49,480.95)	£ (53,107.26)
TOTAL FIXED ASSETS	£ 59,933.64	£ 87,551.44	£ 77,802.57	£ 68,053.71	£ 58,304.84	£ 53,658.10	£ 50,031.79
Current Assets							
Stock	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Other Debtors	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Cash	£ 38,470.95	£ 14,820.95	£ 24,403.15	£ 35,392.15	£ 46,456.15	£ 57,520.15	£ 62,584.15
Total Current Assets	£ 38,470.95	£ 14,820.95	£ 24,403.15	£ 35,392.15	£ 46,456.15	£ 57,520.15	£ 62,584.15
Liabilities							
Creditors	£ -	£ -	£ -	£ -	£ -	£ 4,000.00	£ 4,000.00
VAT	£ 660.00	£ 810.00	£ 628.20	£ 553.20	£ 553.20	£ 553.20	£ 553.20
Total Curr. Liabilities	£ 660.00	£ 810.00	£ 628.20	£ 553.20	£ 553.20	£ 4,553.20	£ 4,553.20
Net Assets	£ 97,744.59	£ 101,562.39	£ 101,577.52	£ 102,892.66	£ 104,207.79	£ 106,625.05	£ 108,062.74
 Shareholders Funds							
Share Capital	£ 100,000.00	£ 100,000.00	£ 100,000.00	£ 100,000.00	£ 100,000.00	£ 100,000.00	£ 100,000.00
Retained Earnings	£ (2,255.41)	£ 1,562.39	£ 1,577.52	£ 2,892.66	£ 4,207.79	£ 6,625.05	£ 8,062.74
Capital Employed	£ 97,744.59	£ 101,562.39	£ 101,577.52	£ 102,892.66	£ 104,207.79	£ 106,625.05	£ 108,062.74

The full business plan may be downloaded from the F4RN web site: <http://f4rn.org.uk/business-plan/>

Key Assumptions

- £100,000 raised in year 1 through the issue of community shares.
- Wireless network built initially, with fibre overlay of wireless areas carried out as Society finances allow.
- Wayleaves are free.
- Majority of construction and installation carried out by volunteers free of charge.
- 110 connections made in year 1 with further connections in following years. Wireless installations start from month 3; 25 installations completed each month. All connections charged at £175+VAT. Monthly subscription £30+VAT.
- The project suffers from high initial capital costs needed to create the network. These costs are disproportionate until such time as 120 subscribers have signed up for the service. With 120 subscribers the Society is self sustaining.
- Interest earned at a suggested rate of 4% from year 5 with the earliest date of payment in year 6 following the completion of the year 5 accounts. The Society rules set a maximum interest payment of 5% or 2% above the Bank of England Base Rate, whichever is higher, however for planning purposes a lower rate of 4% has been selected which is considered more appropriate at this stage.
- Share withdrawals will be considered once the Society is trading profitably and has sufficient capital in reserve.
- There is no corporation tax until year 7 due to allowances and early year losses
- This is not a forecast but our best estimate of the position based on our current understanding. Facts may change and new challenges could arise. Start-ups are inherently risky and the community venture should be considered in that light. Purchase of shares should be considered primarily as a community investment not a financial investment.