

Fibre for Rural Nottinghamshire

A Community Benefit Society



Community Share Offer - BleasbyF4RN

Summary - Share offer April 2019 - "BleasbyF4RN"

The background to F4RN

Fibre for Rural Nottinghamshire (F4RN) was formed as a Community Benefit Society in August 2015 with the simple aim of bringing high speed broadband to rural communities in Nottinghamshire

The initial focus was on Fiskerton and Morton where the ambition was for F4RN to build a 100% fibre to the home (FTTH) network. With the considerable support of local volunteers, the network already covers the majority of the two villages with 85% of our customers on fibre. This means that most F4RN customers already have full fibre broadband – something that is only available to 5% of UK homes, predominantly in cities, and which the Government is now promoting with a target of nationwide coverage by 2033.

Customers on the fibre connection enjoy download speeds that are typically 250-300Mbps and upload speeds that are over 400Mbps. The network is "Gigabit ready" which means that as demand grows F4RN can deliver a 1Gbps connection to every customer by simply buying more capacity from the national fibre optic backbone. The local network can be therefore be considered to be "future proof".

What are we planning to do?

F4RN has been approached by the residents in Bleasby, a village close to Fiskerton and Morton, who would like to work with F4RN to build their own fibre optic network and connect to the existing F4RN core network. This would give them a service similar to that already enjoyed in Fiskerton and Morton. The proposal is that F4RN will support Bleasby in the construction of their network and will then look after the ongoing operation of the service and network maintenance. Bleasby residents will become new F4RN customers.

Although we will apply for support under the DCMS Gigabit Voucher Scheme, in order to build the network for Bleasby it is necessary to raise additional capital by seeking investment in F4RN Community Shares from the immediate community and like-minded supporters. The funds, along with DCMS vouchers, short term loans and working capital from F4RN, will be used to finance the acquisition of fixed assets and to pay for sub-contract work providing technical, logistical and implementation support to the local Bleasby Team.

The share offer

The target is to raise £25,000 in Community Shares. Investors are asked to invest at least £500 with a maximum individual investment of £2,500. All investors will automatically become members of the Community Benefit Society. If the share offer is over subscribed then the priority will be given to Bleasby residents.

The offer opens on 8th April 2019 and will close 6 weeks later on 19th May 2019 or when the target of £25,000 is reached, whichever is sooner. The F4RN Board reserve the right to extend the offer beyond the initial period if they believe that doing so would benefit the share issue.

The final decision on whether to proceed with the Bleasby project and to issue shares will be made by the F4RN Board taking account of the level of confirmed interest from Bleasby residents to take the F4RN service and the funds available.

Further information on the Society are available on the F4RN website: www.f4rn.org.uk

The offer is being promoted by Fibre for Rural Nottinghamshire Ltd, a Community Benefit Society, registered with the Financial Conduct Authority (Registration Number: 7186). The offer is not covered

by the Financial Services Compensation Scheme and investors have no recourse to the ombudsman. You could lose some or all of your investment.

How to Invest

You can apply by completing the postal application form attached. The form is also available from our web site at www.f4rn.org.uk/BleasbyF4RN (or contact us by email info@f4rn.org.uk).

If you would prefer to pay by electronic bank transfer then please contact us for details

What happens when I invest?

We will register your application for shares and provide an acknowledgement by email. Cheques will not be cashed unless the share offer is closed and the Board of F4RN have made a final decision to proceed.

If you pay by BACS then your payment will be held until the share offer is closed and the Board of F4RN have made a final decision to proceed.

Financial Details

In order to finance the Bleasby project we are proposing to raise working capital in four ways:

1. Our business model is based on raising £25,000 from an issue of Community Shares in order to finance the construction of the fibre optic broadband network to serve Bleasby.
2. We will be applying to the DCMS Gigabit Broadband Voucher Scheme for support with connecting customers which means that we can claim up to £2,500 for each business and £500 for each residential customer that is connected. The customer just has to pay for the VAT (so £100 for a residential customer). More details on the Gigabit Broadband Voucher Scheme can be found at <https://gigabitvoucher.culture.gov.uk>
3. Those looking to sign up for a connection will also be required to provide an advance payment in the form of an interest free loan of £316 to F4RN to support the working capital required in the early stages of the project. The loan is unregulated and will have a fixed term of 10 years however the loan will be redeemed early once the subscriber's connection is made live and will be used to cover the VAT on the connection and the first six months rental.
4. Working capital contribution from F4RN.

The ongoing service is charged at £36 a month including VAT.

Provision has been made for BleasbyF4RN shares to start accruing interest from the start of the second financial year following their issue (from 1st July 2020 based on share issue being completed by 30th June 2019). Our ambition is to pay interest at 4%, but this depends on the performance of the Society and is not guaranteed. Under the F4RN Company Rules, the maximum interest will not exceed 5%, or 2% above the Bank of England Base Rate, whichever is higher, and the Board may set a lower rate based on the operating position.

What are Community Shares?

We're using a special form of investment called Community Shares. These are simple to administer, allowing community projects to attract funding from local people who then become members of the Community Benefit Society, deciding how the Society is run. Every shareholder gets one vote in the Society regardless of how many shares they hold.

Shares cannot be transferred or sold to other people (except upon death) but they can attract interest and investors can withdraw their money, but only under certain conditions. The shares can only be

 Department for Digital, Culture, Media & Sport

GIGABIT BROADBAND VOUCHER SCHEME

withdrawn at their purchase value or possibly less, if the value of the Society's assets drops.

Shareholders do not receive a share dividend, instead Community Shares attract interest once the business is sufficiently profitable.

Most importantly the Society must have the funds available to support withdrawal or interest payments. If we are not successful enough to justify that then we cannot pay anything back to the investors. We also have to remember the purpose of the society is to benefit the community - so the amount of interest paid and the sums available for share repayments will be balanced against wider decisions on how to use any surplus, such as supporting other community activities or reducing the cost of the service. These decisions are made by the members of the Society - the investors themselves. The Society also has an "asset lock" which means the any surpluses have to be reinvested or used for community benefit – they do not get reallocated to the shareholders!

Full details of the Society rules are available on our web site at <http://f4rn.org.uk/the-f4rn-society-rules/>

How do I get my money back?

As a Community Benefit Society we hope that investors will wish to maintain their shareholding so that they continue to have a say in the running of the Society and receive interest on their shareholding. However, once the enterprise is generating sufficient revenue it will be possible to consider applications to withdraw part or all of an investment, but this can only be approved if two conditions are met:

- The Board declares that F4RN is trading profitably and has sufficient capital in reserve
- In any given year, no more than 10% of the total funds can be withdrawn by members. This will be on a strictly first come, first served basis, giving three months' notice and using the form of application prescribed by the Board at the time.

We're very keen to make sure that no one loses out but the decision on whether any withdrawal can be made is at the discretion of the Board of Directors.

Bleasby Finances in detail

Combined P&L	2019/20		2020/21		2021/22		2022/23		2023/24		2024/25		2025/26	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7							
SALES														
Installation Revenue including Voucher Grant Funding	£ 33,500	£ 1,500	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Recurring Revenue	£ 61,800	£ 69,270	£ 72,000	£ 72,000	£ 72,000	£ 72,000	£ 72,000	£ 72,000	£ 72,000	£ 72,000	£ 72,000	£ 72,000	£ 72,000	£ 72,000
TOTAL Revenue	£ 95,300	£ 70,770	£ 72,000											
Cost of Sales	£ 32,635	£ 22,080	£ 22,080	£ 22,080	£ 22,080	£ 22,080	£ 22,080	£ 22,080	£ 22,080	£ 22,080	£ 22,080	£ 22,080	£ 22,080	£ 22,080
Capital allocation to DCMS Vouchers	£ 33,500	£ 1,500	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Gross Profit	£ 29,166	£ 47,190	£ 49,920											
OVERHEADS														
Expenses	£ 19,758	£ 23,700	£ 23,700	£ 23,700	£ 23,700	£ 23,700	£ 23,700	£ 23,700	£ 23,700	£ 23,700	£ 23,700	£ 23,700	£ 23,700	£ 23,700
RIPE Membership	£ 3,400	£ 1,400	£ 1,400	£ 1,400	£ 1,400	£ 1,400	£ 1,400	£ 1,400	£ 1,400	£ 1,400	£ 1,400	£ 1,400	£ 1,400	£ 1,400
Depreciation	£ 14,022	£ 15,266	£ 15,266	£ 15,266	£ 15,266	£ 15,266	£ 15,266	£ 15,266	£ 15,266	£ 15,266	£ 15,266	£ 15,266	£ 15,266	£ 15,266
Voucher Adjustment	(£ 2,141)	(£ 3,623)	(£ 3,623)	(£ 3,623)	(£ 3,623)	(£ 3,623)	(£ 3,623)	(£ 3,623)	(£ 3,623)	(£ 3,623)	(£ 3,623)	(£ 3,623)	(£ 3,623)	(£ 3,623)
Share Interest	£ -	£ 5,414	£ 5,414	£ 5,414	£ 5,414	£ 5,414	£ 5,414	£ 5,414	£ 5,414	£ 5,414	£ 5,414	£ 5,414	£ 5,414	£ 5,414
Profit	(£ 5,874)	£ 5,033	£ 7,763											

Combined Balance Sheet	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Fixed Assets	£ 186,917	£ 186,917	£ 186,917	£ 186,917	£ 186,917	£ 186,917	£ 186,917
Cumulative Depreciation	(£ 43,097)	(£ 53,363)	(£ 58,629)	(£ 63,895)	(£ 74,161)	(£ 89,426)	(£ 104,692)
Voucher Contribution	(£ 50,423)	(£ 51,923)	(£ 51,923)	(£ 51,923)	(£ 51,923)	(£ 51,923)	(£ 51,923)
Cumulative Voucher Adjustment	£ 2,141	£ 5,764	£ 9,387	£ 13,010	£ 16,633	£ 20,256	£ 23,879
Total Fixed Assets	£ 95,538	£ 87,395	£ 85,752	£ 84,109	£ 77,467	£ 65,824	£ 54,181
Current Assets							
Stock	£ 500	£ 500	£ 500	£ 500	£ 500	£ 500	£ 500
Other Debtors	£ 4,139	£ 4,139	£ 4,139	£ 4,139	£ 4,139	£ 4,139	£ 4,139
Cash	£ 44,661	£ 57,840	£ 66,926	£ 76,332	£ 90,988	£ 110,644	£ 130,050
Total Current Assets	£ 49,300	£ 62,479	£ 71,565	£ 80,971	£ 95,627	£ 115,283	£ 134,689
Current Liabilities							
Creditors	£ 10,220	£ 10,220	£ 10,220	£ 10,220	£ 10,220	£ 10,220	£ 10,220
VAT	£ 2,243	£ 2,246	£ 1,926	£ 1,926	£ 2,176	£ 2,426	£ 2,426
Total Current Liabilities	£ 12,462	£ 12,466	£ 12,146	£ 12,146	£ 12,396	£ 12,646	£ 12,646
Net Assets	£ 132,375	£ 137,408	£ 145,172	£ 152,935	£ 160,698	£ 168,461	£ 176,224
Shareholders Funds							
Share Capital	£ 135,350	£ 135,350	£ 135,350	£ 135,350	£ 135,350	£ 135,350	£ 135,350
Retained Earnings	(£ 2,975)	£ 2,058	£ 9,821	£ 17,585	£ 25,348	£ 33,111	£ 40,874
Capital Employed	£ 132,375	£ 137,408	£ 145,171	£ 152,935	£ 160,698	£ 168,461	£ 176,224

Key Assumptions

- £25,000 raised in year 1 through the issue of community shares
- Objective is to build network using 100% fibre, however a high-speed wireless link may be used where access / wayleaves make fibre connection impractical.
- Wayleaves are free
- Construction within Bleasby (e.g. digging trenches for ducting) and installation carried out by volunteers free of charge. Project management supervision, and network configuration delivered by F4RN core team. Fibre blowing and splicing delivered by Bleasby residents with support and training from F4RN.
- 50 fibre connections completed within 12 months of project start date
- DCMS Gigabit Vouchers obtained – 5 SME customers at £2,500 each; 45 residential customers at £500 each
- Membership of the RIPE Network Coordination Centre required to secure sufficient fixed IP addresses for expanded business. F4RN backhaul upgraded to 1Gbps shared amongst all connected customers.
- Interest accrued at a suggested rate of 4% from year 2 (Financial Year commencing July 2020) for all F4RN shares. Under the Society Rules, the interest payment cannot exceed 5% or 2% above the Bank of England Base Rate, whichever is the higher, however for planning purposes a lower rate of 4% has been selected which is considered more appropriate at this point. The final decision on interest payable is at the discretion of the F4RN Board.
- Share withdrawals will be at the discretion of the Board based on the financial performance of the business at that time.
- There is no corporation tax 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 share should be considered primarily as a community investment and not a financial investment

Are there any risks involved?

- **The Gigabit Vouchers are not given to the Bleasby project** – An application has been submitted for the Bleasby project. Once this is accepted and customers have placed orders for a F4RN connection the money is ringfenced by the Government for twelve months.

Provided the connection goes live within twelve months of the order then the Voucher will be paid. If the project is not approved for voucher funding, then the Board and Bleasby project leaders will review the options available. In this case shares will not be issued until all shareholders have been contacted with the new proposals.

- **Wayleaves are not granted** – The Bleasby project team are already in discussion with a number of the principal landowners and we have secured approval for a substantial part of the core route. The decision to proceed will only be made once the wayleaves required for the core route are in place.

Connections to individual properties require the support of neighbours to agree the route of the fibre – something which has been readily granted in Fiskerton and Morton – however, where it is not possible to get a fibre connection to a property then, in most cases, a high-performance wireless link will be possible. Unfortunately, there may be a small number of properties that cannot be reached by fibre or wireless if wayleaves are not granted.

- **The take up of shares or new connections is not high enough** – We will only proceed if we have sold £25,000 of shares and have confirmed orders from at least 50 customers within the core Bleasby project area.
- **There are not enough volunteers in Bleasby to build the network** – This is a community led initiative which relies heavily on the people who want the service to lay the ducting and help each other build the network. It is anticipated that the majority of the new shares will be bought by Bleasby residents who are then making a personal commitment to the project but F4RN cannot guarantee that this will be the case. Lack of volunteers will have a negative impact on the financial performance and the ability to pay interest on, or redeem, the BleasbyF4RN shares.
- **The shares should be considered as illiquid** – although the intention is that shares can be redeemed in due course, there are restrictions as outlined above.

The primary reason for buying shares should be as an investment in the community and not primarily as a financial investment.

What do the plans for fibre look like?

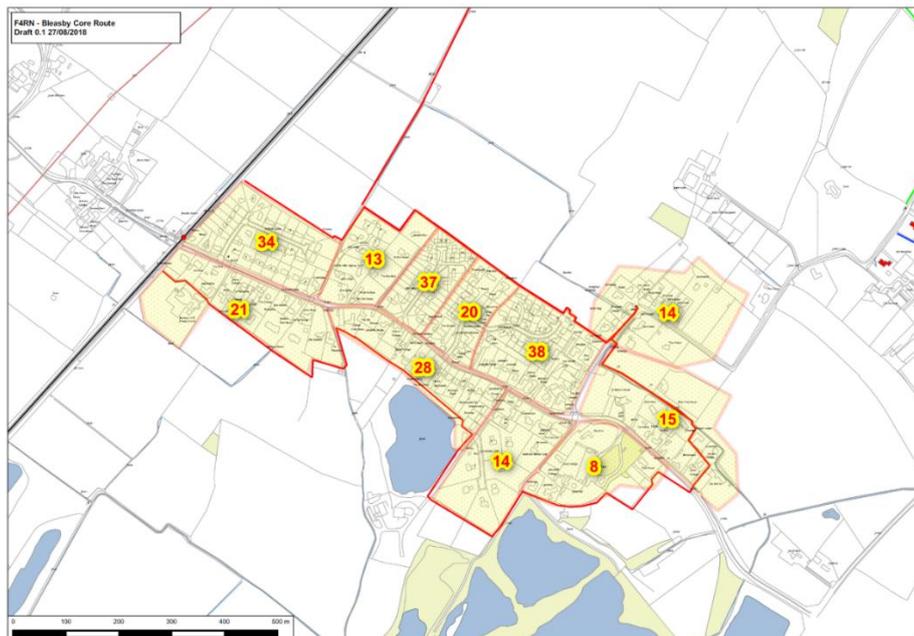


Figure 1 - Target area in Bleasby to be served with fibre optic broadband under this phase of the F4RN project

The proposal is to extend the F4RN fibre optic network from Gypsy Lane, Fiskerton to Shale Lane, Bleasby and then to construct the core network around the edges of the fields that surround the village. This will bring approximately 220 properties within scope of the full fibre network (“properties passed”). The above route around the village is provisional and is subject to final confirmation with the landowners. Although much of the route has already been agreed with the landowners, work can only proceed once all wayleaves have been obtained.

A new cabinet will be installed at a central location and access chambers positioned at strategic points around the village. Connections to individual properties will be made by running a thin duct (plastic pipe) from the chamber to the property – the fibre is fed through this duct and joined to the core network.

This approach has already been successfully deployed in Fiskerton and Morton as well as at numerous other community projects such as those led by B4RN (Broadband for the Rural North) in Lancashire, along with projects in Surrey, Ipswich, Cumbria and Wales.

Further Information

If you have any questions about this share offer then please contact F4RN at info@f4rn.org.uk

For more information about the plans to build the fibre optic network in Bleasby then please speak to your local champions Geoff Lester and Phil Hill or contact them by email at Fibre4Bleasby@gmail.com

Your Questions Answered

➤ **Who can buy shares? Do you need to live in Bleasby, Fiskerton or Morton to invest?**

Anyone over the age of 16. You don't have to live in the community or take up the broadband service.

➤ **If I don't invest can I still subscribe to the broadband service?**

Yes - as long as we are able to run a fibre to your property or, potentially, to provide the connection over a high-speed wireless link. Unfortunately, we cannot guarantee that every property in Bleasby can receive a connection but believe that every property shown in the core area on the map can be reached.

This is a truly inclusive offer for the local community. However, we still need support from enough investors if the scheme is to go ahead!

➤ **What happens if the scheme is not approved for DCMS Gigabit Vouchers?**

F4RN is registered supplier under the Government scheme and we have already received voucher support for three projects.

We are confident that the Bleasby project will be approved, however, if this is not the case we will review the business plans. The share offer will be suspended until we have had the chance to revise our proposals and consult with the community and potential shareholders on the options available.

➤ **Who will build the network?**

The initiative to bring Bleasby to the F4RN network is being led by the Bleasby residents. They will look after the local coordination, organise wayleaves and lead the local working parties.

F4RN are providing the technical support, training and advice and will manage the construction of the core network with local support.

➤ **If I live outside the core area on the map can I get the ultrafast broadband? What about Hazleford, Gibsmere, Goverton and Thurgarton?**

At the moment, the focus is on getting fibre to the properties in Bleasby to the south of the railway line.

We may be able to provide a connection to the properties in Bleasby and Goverton to the north of the railway, initially using a microwave link, and would be pleased to talk to anyone in these areas who would like a F4RN connection.

Similarly, we would be very pleased to connect properties in Hazelford and Gibsmere if there is sufficient interest, however this will involve additional network designs and construction costs. Please let us know by email info@f4rn.org.uk if you would like to be considered in our future plans or would like to act as a fibre champion for your community.

➤ **Who will run the network once it's built?**

F4RN will also be responsible for the ongoing operation and maintenance of the network as well as customer support, but with the help of local community fibre champions. The F4RN helpdesk can be contacted by email at support@f4rn.freshdesk.com.

➤ **How long will it take?**

The project will only proceed if we raise at least £25,000 from the share offer and there are enough people who order a broadband connection, however our aim is to have the first parts of the network live within 4-5 months of the share offer being completed - so by September/October 2019. Connections to properties then depend on how long it takes local volunteers to run the ducting from the F4RN core network, but these can be put in place ahead of the core network so customers can get their new fibre optic connection with a few weeks of the core network going live.

➤ **What about wayleaves?**

It is important that we get permission to lay the ducting. We already have support from a number of key landowners including three local farmers

We will not spend any of the share capital raised until the wayleaves for the core route are in place.

➤ **It will be impossible to provide fibre in the middle of Bleasby, won't it?**

Not if everyone wants it!

If groups of neighbours work together to arrange wayleaves and bury the ducting, then the challenge gets a lot easier. The experience in Fiskerton and Morton is that most people are very supportive and happy to allow the fibre to cross their garden even if they don't want a fibre connection themselves (following an agreed route of course!).

F4RN also have the necessary licences to carry out streetworks, so we can run the ducting in pavements and across roads, but this is very expensive and can only be considered as a last resort.

If access for fibre really does prove too difficult or expensive then we can usually provide a high-speed wireless connection (typically 100Mbps) as an alternative

This page deliberately left blank

Fibre for Rural Nottinghamshire

A Community Benefit Society



info@f4rn.org.uk
f4rn.org.uk

Share application form - BleasbyF4RN Share Offer

I apply to invest in shares in the Fibre for Rural Nottinghamshire Ltd and to become a member of the Community Benefit Society.

Name:

Address:

.....

Postcode:

Email Address:

Phone Number:

How many shares would you like to apply for? (Minimum £500, maximum £2,500): £.....

This offer is being promoted by Fibre for Rural Nottinghamshire Ltd, a Community Benefit Society. The offer is not covered by the Financial Services Compensation Scheme and investors have no recourse to an ombudsman. You could lose some or all of the money you invest.

Please tick the boxes below to indicate your agreement with the statements:

- I confirm that I am 16 years of age or older
- I have read the share offer document and understand and accept the terms of the BleasbyF4RN share offer and Rules of Fibre for Rural Nottinghamshire Ltd. (All documents are available at www.f4rn.org.uk)
- I consent to using the email address above as the primary means of communication for official documents from Fibre for Rural Nottinghamshire

Signature: Date

Fibre for Rural Nottinghamshire Ltd will store securely the information you have provided and will not share that information with anyone else without your permission. Cheques will only be cashed once the minimum target of £25,000 for the share issue is reached and the Board has confirmed that there is sufficient customer demand in Bleasby for the F4RN broadband service. This offer closes on 19th May 2019 or when £25,000 is subscribed, whichever is soonest. The Board reserve the right to extend this offer.

Cheques should be made payable to "Fibre for Rural Nottinghamshire Ltd"

Please send any cheques and completed application forms to:

F4RN
28 Longmead Drive
Fiskerton
Nottinghamshire
NG25 0UP



*Fibre for Rural Nottinghamshire Limited is a Community Benefit Society registered in England and Wales under the Co-operative and Community Benefit Societies Act 2014.
Registration Number 7186*

Registered Address: Ossington Chambers, 6-8 Castle Gate, Newark, NG24 1AX

