



**IMPROVING
OUR FACILITIES
GROWING
OUR GAME**



Share Offer Document

**An opportunity to invest in and support
community owned football pitches in East
Lancashire**

**East Lancashire Football Development Association
(Community Benefit Society - 7215)**

Summary of the Proposal

East Lancashire Football Development Association (“ELFDA”), a Community Benefit Society, is seeking investment from the community. The amount raised will be used towards working capital and purchasing football equipment and maintenance machinery, for the newly renovated football pitches in Pleckgate. The **minimum** we are seeking is **£25,000** and the **target** is **£50,000**. The **minimum individual investment** is **£100**, and the **maximum** is **£5,000**.



The offer opens on **Saturday 11th March 2017** and closes on **Wednesday 31st May 2017**. **For the offer to be successful we need to raise the minimum of £25,000 by Wednesday 31st May 2017**. The committee reserve the right to extend the offer beyond this period if they believe doing so would benefit the share issue.

This offer is being promoted by the East Lancashire Football Development Association, a registered Community Benefit Society (FCA number 7215 of Suite 8, Enterprise Centre, Blackburn Rovers Community Trust, Ewood Park. Blackburn BB2 4JF).

The share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations, which means there is no right of complaint to the Financial Ombudsman, nor can you apply to the Financial Services Compensation Scheme. Your capital is therefore at risk, and so you should only ever invest as much as you are prepared to lose.



Introduction

Blackburn lives and breathes football. It's been a cradle of the game since its earliest days.

In the 1880s, Blackburn was the epicentre of the revolution that transformed the game of football from something dominated by the public schools and universities into a professional sport.



Blackburn Olympic won the FA Cup in 1883, and were the first northern team, and the first team of professional footballers, to ever win the FA Cup (Blackburn Rovers won it the next 3 years). Although the Olympic folded, a new club bearing the name was founded in 1954, and are the oldest club in the Blackburn Combination, one of ELFDA's member leagues.

We're on the brink of creating something radical and new in football again, but we need your help to achieve it.

It's a simple project. We don't have the facilities in the area to match our passion for football and so people have been playing on increasing ill-suited pitches.

Some teams are lucky enough to have great facilities, but too many are at the mercy of poor pitches. Quagmires in autumn, dangerously frozen in winter and hard as concrete in summer.

Postponements make organising matches and retaining players ever more difficult, and whereas once we had 100 teams in the area, with the decline in the standard of facilities this is now down to less than 60 in just 10 years.

Even so, the future is not bleak. Blackburn and East Lancashire are bucking the general trend and junior football is on the increase.

This growth, combined with the healthy growth in the girls and women's' game means that the demand for pitches is on the increase at the same time as the number of adequate pitches is declining. That puts pressure on those that are left, hastening their decline. We want to protect this growth, and extend it into the senior game in the coming years.

Great football and great footballers need great facilities, but even the not so great can get an awful lot from the game – but only if they have facilities to play on that enable them to enjoy themselves and no-one, be they great, good or learning the game deserves to play on pitches that aren't up to the job.

We don't just want great facilities for the people of Blackburn to be able to enjoy playing the game and to be able to express themselves – though that will be a great result for us. We want the town to have a role to play in the development of English football, and for future generations of players for the professional and international teams we care about to feature kids from Blackburn.

That's an issue because the FA's new strategy focusses on 30 core areas, defined as the biggest communities with the most population. Despite all our history and our contribution to the development of the national game, Blackburn's not part of it.

If we don't keep up, we'll get left behind. We think the next generation of legends are playing football in the town right now, or soon will be, but if we don't give them a facility to develop their skills, we'll never be able to see them progress.



ELFDA's history

ELFDA was formed by the three amateur leagues of Blackburn – Blackburn & District football combination, Blackburn Sunday Football League, and the East Lancashire Junior football association, the last one of the biggest in Lancashire. ELFDA was formed in 2012 when the leagues came together because of the poor maintenance of local football pitches generally but local authority owned pitches specifically. Their aim is to work with the council to identify and develop solutions that will help expand the sport of football in the area plus improve the facilities used to deliver and offer football plus other sports. The group was initially the Blackburn Football Development Group, but when formerly constituted changed to the ELFDA.

Together, the Board of Directors has been involved in running amateur football in the town for over 70 years collectively. We're passionate about amateur football in Blackburn and want to thrive again. We want to ensure that the local football scene starts to grow again, with teams and players from every part of the town. We want to see leagues in which there's good skill and good sportsmanship, respect for opponents and officials, as well as teammates.



We've all loved playing football all our lives, and want to ensure that people continue to play the game after they've left school.

ELFDA's financial history

ELFDA was incorporated as a community benefit society on 20 August 2014. The finances are summarised in the following table. So far we have been funded via grants, which have been used to pay for professional services to deliver the pitches, plus office and administrative costs. We do not expect to receive further grants in the future, as once the pitches are finished ELFDA will make an operational profit.

PROFIT AND LOSS	13 months to 30/09/2015	12 months to 31/05/2016	8 months to 31/01/2017
Income			
Grants	£46,002	£20,859	-
Expenditure			
Professional fees	(£36,790)	(£16,255)	(£806)
Office costs	(£4,135)	(£581)	(£1,772)
Administrative	(£810)	(£162)	(£194)
Surplus	£4,267	£3,861	(£2,772)
BALANCE SHEET	30/09/2015	31/05/2016	31/01/2017
Bank	£4,267	£8,128	£5,356
Reserves	£4,267	£8,128	£5,356

What we're seeking to do

We've got big plans and big ambitions – our business plan, available on www.crowdfunder.co.uk/elfda has more on these plans – but it starts with our project at Pleckgate.

The Woolridge playing fields off Pleckgate Road used to be used for football, but in an era of declining budgets, couldn't be maintained to the standard needed. Up until recently, they were used for dog walking and sadly, littering. They're becoming a bit of an eyesore, and they certainly can't be used for football.

Blackburn with Darwen Council has transferred the lease, lock stock and barrel to us for 25 years, to develop them into five pitches. We'll also have control of College Field next to Pleckgate High School, which we have turned into two pitches.

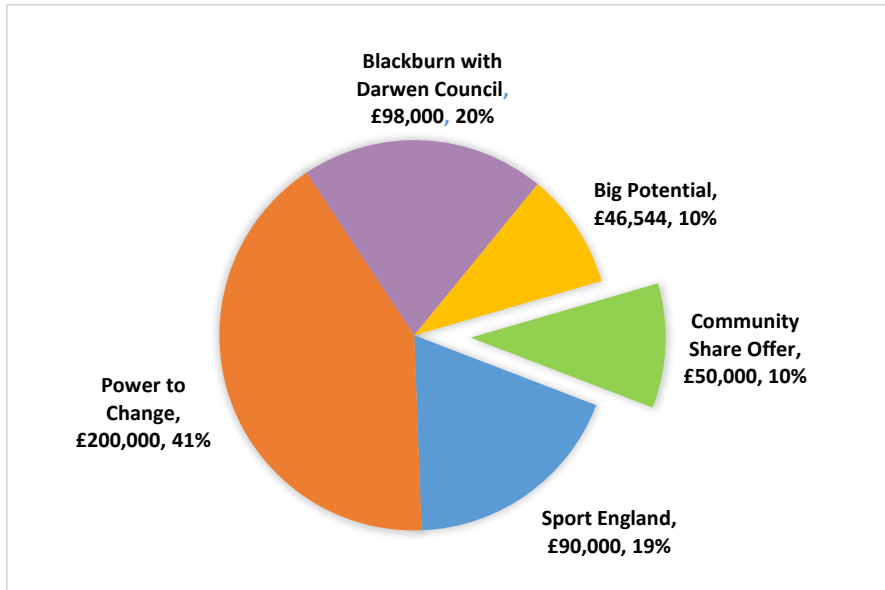
These aren't all full-sized – they accommodate a range of sizes for different age groups from 7 years old to full size regulation pitches. They have required a lot of work, and we've received grants totalling £434,000 from the Council, from Sport England, and the Power to Change Foundation to help. Now they have been renovated, are ready to play on and all that's missing is £50,000 to finish the job, which is where the people of Blackburn come in. The money raised from this share issue will go towards:



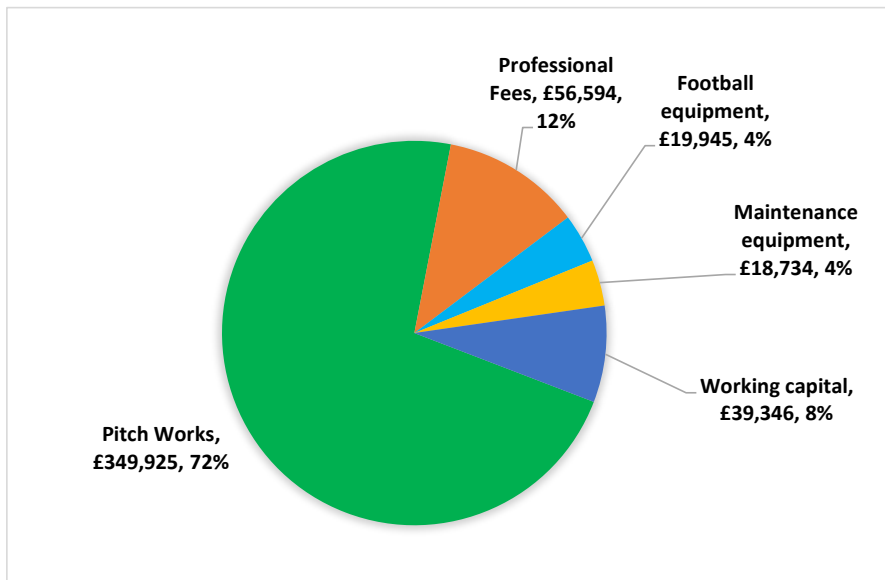
- i. Football equipment such as goals and corner flags, so that we have excellent quality equipment to match our newly renovated pitches. This will mean that the pitches will be match ready, and local clubs and players can start using them from winter 2017.
- ii. Working capital to keep the business going during the first year, as the pitches enter their first operational year.
- iii. Pitch maintenance machinery so that we can keep the new pitches fully maintained for years to come, and so that we can expand our business to other pitches at risk of deterioration.

With this money, alongside the various grants we've received, we can create the best amateur football facility in the area bar none.

The following chart illustrates where the money is coming from:



And this is how it is being spent:



Who will benefit from the pitches?

The pitches would form the home for the East Lancashire Football (Youth) Alliance, with plans to hold 15 local league matches across the pitches every weekend during the season, with additional usage by Blackburn Rovers Ladies FC on Saturdays. It would also host fixtures from the Accrington District Football League (ADFL) on Saturdays and the Saturday Football Combination, as well as summer football tournaments and pre-season friendlies. The pitches would provide valuable pitches for the adjacent primary school (St Gabriel's and Holy Souls) that currently has no access to a grass pitch.

All of this would combine to an offering of over 700 matches every year, with a formal annual play throughput of over 15,000 players in year 1. It would also be a site for informal recreation and sport available every day of the year.

The project is not only of value to the footballers and associated communities of Blackburn with Darwen, but is a project capable of wider replication nationally. It will provide valuable benchmarks for community ownership and maintenance of football pitches that can be utilised elsewhere. Amateur league associations are perhaps uniquely placed to own and maintain grassroots pitches. This project is putting that theory into practice with an innovative local solution to a national issue of grass roots football provision at a time of public sector austerity and severe pressures on public sector service provision.

What are Community Shares?



We're using a special form of investment called Community Shares – it's ideally suited to community assets like these pitches. Investors can get interest on the sums they invest and can withdraw their investment (in essence, get their money back) but only under certain conditions.

Key to those are that the charity must first have the funds to support withdrawal or interest payments. If we

aren't doing well enough in any one year to justify that, then investors won't be able to get anything for that period.

Community shares can't be sold on or transferred (except upon your death) so that means that the only way investors can help ensure they get a return is to do their bit to support the harbour's success.

That's important because the pitches don't work without the wider football community in Blackburn also doing their bit and vice-versa. The community shares model makes us all pull in the same direction.

Secondly, even if we do have the funds, the pitches will have to ensure that getting money back to investors is prudent, taking into account our objectives as a charitable community benefit society.

So, whilst we have a strong business plan that supports our plans for growth, and a desire to ensure a return to investors who have shown faith in our community, our charitable purpose will always come first.

That provides the final advantage – because it should be seen as a patient and medium to long term investment, it is most attractive to people who share our values, rather than want to get some value, ensuring that the people who will own the pitches will be those people who invest on these terms.

What investors will get?

Every investor gets to become a legal owner of ELFDA and the things it owns. These will be your pitches, machinery and equipment, along with every other investor.

Every investor gets a vote in the charity decision-making – for the committee of directors and on resolutions the AGM, but regardless of how much you invest, everyone has the one vote (the charity's constitution is available from our website).

The committee aspire to support interest (capped at 2.5%) should financial circumstances allow, however if you wish you can choose to donate this to ELFDA to help us with our goal of providing great facilities.

Withdrawals will not be possible for the first three years, to enable us to focus on reinvestment in the work of ELFDA and our facilities. After those three years, we will be able to allow withdrawals if, and only if, financial circumstances allow. Our business plan and financial model show that after these first three years, the business should be able to repay shares over an eight year period.



The business model

Football is a simple game, and this is a simple business model. We'll create and maintain a top class facility, and we'll pay for it using pitch fees from the clubs who use it. We will have minimal paid staff, and like most of amateur football the world over, we'll be relying on the support of volunteers.

Our business plan – available on our website – details the projected income and expenditure. We've researched the likely take-up of pitches and we're confident in our assumptions, not least because the Board are all involved in the amateur football clubs and leagues who will be the users.

The following table summarises our draft management accounts for the first three years of operations. A loss is made in the first year, as the pitches are only operational for part of the year but maintenance costs are paid for most of the year. The business is profitable from the second year onwards though, allowing for it to build up the reserves to pay for share

interest and withdrawal. The business plan has details of the full profit and loss, cash flow and balance sheet statements for the projected 12 year period until all shares are repaid.

	Year to 31-May-18	Year to 31-May-19	Year to 31-May-20
Operating Income			
Adult Summer	-	3,310	3,409
Junior Summer	-	3,183	3,278
Adult Winter	-	-	3,606
Junior Winter	15,738	16,211	16,697
Blackburn Rovers Ladies FC Winter	6,695	6,896	7,103
Tournament Hire	2,575	2,652	2,732
Fundraising	5,150	5,305	5,464
Summer League income	1,799	1,853	1,909
AHF training	3,605	3,713	3,825
<i>Total operating income</i>	<u>35,563</u>	<u>43,122</u>	<u>48,022</u>
Operating expenditure			
Maintenance Contract / Salary	26,720	30,023	30,924
Insurance	504	519	534
Marketing	1,030	1,061	1,093
Costs of fundraising event	515	530	546
Summer League costs	639	658	677
Finance and Administration	4,120	4,244	4,371
Office costs	5,119	5,273	5,431
<i>Total operating expenditure</i>	<u>38,646</u>	<u>42,308</u>	<u>43,577</u>
Operating Profit/(Loss)	<u>(3,083)</u>	<u>815</u>	<u>4,445</u>

Long term plans

At first we will engage an external contractor to maintain the pitches, to ensure there is a smooth transition between the pitch works being finished and us taking ownership. We aim to gradually increase how much of the maintenance we do ourselves, by using the maintenance machinery have onsite and by taking on a groundsman or apprentice.

We have discussed two further sites with the Council, at Pleckgate and Pleasington, which are currently being under maintained and are starting to deteriorate, and which have the potential to become community multisport hubs, with cricket, tennis, hockey and rugby being offered alongside football. All this is dependent on us making a success of the current site though and taking over the maintenance for it.

Governance and Board



ELFDA is registered as a Community Benefit Society with the Financial Conduct Authority. This is a Society which is run primarily for the benefit of the community at large, not just for its members. ELFDA has also received recognition of charitable status with HMRC. Therefore we are exempt from corporation tax, 80% of rate relief and eligible for Gift Aid.

The Governance of ELFDA is split between individual investor members (who will hold 25% of the votes), Clubs who invest (25%) and the remaining 50% in the hands of the three founding leagues of ELFDA. Our rules are available on www.crowdfunder.co.uk/elfda

As a Community Benefit Society, we are a non-profit distributing enterprise, and pay surpluses to investors or members, and we cannot pay Directors for their service. The Board are all local people, made up of the following:

Bill Maynard, Chairman

Bill is the Fixtures and Secretary for the Blackburn Sunday Football League. In 1990 he became a committee member of the Blackburn Sunday League and has taken various roles ever since. He was given a special reward from Blackburn with Darwen Sports Council for his 40 years of service to local football. In 2012 he led the establishment of the group, now the ELFDA. Although now retired he was a Branch secretary of the Post Office workers union which has given him strong leadership skills.

Craig Wilkinson, Secretary

Craig is the secretary of the East Lancashire Football Alliance, which is the largest junior football league in the area catering for over 250 teams and with approximately 2,500 players ranging in age groups from under seven to under eighteen. Craig skills as a Retail Manager in a large £10 million pound turnover operation cover managing change, managing finance and customer relations. Craig will be responsible for the programming of matches on the pitches.

Francis Riley, Finance

Frank played in local amateur football for 30 years, and has been involved in club administration since 1970 when he became Treasurer of the Blackburn Sunday Football League, a position he still holds. Frank has now taken responsibility for the financial

management of the ELFDA, with a central role in the development of the financial model for the asset transfer.

Peter Thornton, Communications

Peter is responsible for the PR for the ELFDA due to his career as a freelance writer and has a degree in Communications. Professionally he has worked extensively on sport related issues, including producing the video for the 2002 Commonwealth Games in Manchester. He has run his own company called Inside Write since 1988, which in addition has interests in sports advertising. He has been active in local sports for many years, including a member of the Lancashire FA's Welfare Group and produced numerous local football development plans. In 2011 he won the Lancashire FA's Volunteer of the Year Award.

Bill Markham, Purchasing Director

Bill has been the Secretary of the Blackburn & District Football Combination since 2003, having been involved both in the referees association and local football administration since 1986. He is an accomplished fundraiser and has organised many local events over the years, including annual sportsman dinners. He has been recognised several times for his contribution to local sports, including the Lancashire Telegraph Grass Roots Heroes Lifetime Achievement Award and also the Lancashire FA's Order of Merit. Bill has strong business related skills from his employment as a manager of a fuel distribution depot, managing facilities with million pound plus turnovers. Bill will manage any contracts associated with the maintenance.

Colin Brindle, Operation's Director

Colin began as a Referee on Blackburn Combination in 1969 when he joined Blackburn Referees Association, of which he later served as Chairman and President. Colin has been the Chairman of the Blackburn & District Football Combination since 2012/13. He received a Distinguished Service award for local football in 1991 and in 2009 an award from the sports council for his contribution to local sport. He has been involved in local sports administration since 1969. Colin was a well-respected businessman in the town owning his own electrical shop until his retirement. Colin will oversee the maintenance of the pitches.

Geoff Wilkinson

Geoff is well known in grassroots football and is currently secretary of the Blackburn Sunday football league, as well as a coach with Junior Gardeners football club in Darwen, Geoff is also heads up the Social inclusion section of grassroots football and was instrumental in that section being awarded £50,000 funding grant to further help the development of Social inclusion football.

Harry Scott

Harry has been a long-standing committee member of the Blackburn Sunday League for many years, undertaking many roles. In 2013 he was awarded a long service award from the

league. He has also managed and run amateur teams, with a working knowledge of both clubs, league administration and pitch booking and management.

Frequently Asked Questions

What's to stop the pitches deteriorating like they do now?

Unlike the Council, we have no other call on our money. All the money we get for using the facilities from clubs and players will be ploughed back into the pitches. For the first time ever, there will be an amateur football facility in Blackburn, paid for by amateur football, owned by the amateur football community in which all the money generated goes back solely to amateur football.

Who will run the pitches?

The Board of Directors will be responsible on a day-to-day basis, and an external contractor will look after the pitches for the first few years. ELFDA already has numerous volunteers who help out with organising and running matches, and we will aim to enlist more volunteers to help with minor pitch maintenance works over the first few years. However, if pitch usage develops as hoped and expected, we will look to bring in paid staff where necessary to ensure the level of service and maintenance we believe will be necessary at that point.

What if other pitches upgrade and become more attractive?

It's always possible, but we're doing this because we really don't believe there's any other way to get the facilities this town needs for football at the amateur level. The Council are having their budgets cut year-on-year and things like sports provision and parks are always first in the queue because they're known as 'discretionary' services which the



Council isn't legally obliged to provide. In the event of budget cuts, 'statutory services' which have to be provided – schools, social care etc – always take priority.

What if the offer raises less than the minimum:

In the event that the offer doesn't raise £25,000 in total by Wednesday 31st May 2017, it will be unsuccessful and we will have to purchase second hand football equipment such as goals. The quality and life of the items would not be the same though, and so we would incur greater repair costs and would have to repurchase replacement equipment at an earlier time. We would not have the same amount of working capital, which would give us less breathing room for any unexpected contingency costs.

We would also be able to purchase the maintenance equipment, which would make us completely reliant on external contractors to do maintenance for the foreseeable future. We would either have to purchase second hand equipment, or would have to wait a long

time until we have enough in our reserves. This would have a devastating impact on our ability to take on and maintain the additional sites at Pleckgate and Pleasington, and would mean these sites would continue to deteriorate even more.

In this case we will return all amounts raised, so direct debit or credit card authorisations via Crowdfunder will be cancelled, and if you have paid via cheque or bank transfer we will contact you to refund your investment.

What if the offer raises more than the minimum but less than the target:

In this event, we would keep the amounts raised and would be able to purchase the football equipment and have some working capital left over to spare. This would mean that the current pitches could be used by the local community once they are operational in winter 2017, with brand new football equipment to go with them.

We would be limited in how much maintenance equipment we could purchase though, and so we would have to considerably delay our long term plans of taking over and maintaining the additional sites at Pleckgate and Pleasington, and so as mentioned earlier they would continue to deteriorate in quality.

What happens when the target is raised?

If the target of £50,000 is raised then the share offer will close. Shares will be allocated on a first come first served basis.

Why would we stop at £50,000 if there was an appetite for people to invest more?

Because we have an aspiration to allow withdrawals, every penny of investment return becomes something we have to support through the same fixed pot of surpluses and so if we can't pinpoint how we can use that investment to increase our turnover, it's actually a burden we'd rather be without.



What if ELFDA becomes insolvent?

In the event of insolvency, our assets would be sold and after the proceeds had paid off any creditors, investors would get back their money in proportion to their investment. As we lease the land from the local authority, in the event of our insolvency this land would remain the property of the council. The machinery and equipment bought with the help of this offer would be sold off, however they would reach a lower cost than purchased for.

You won't be liable for any more money in any event, but the money you have invested (less what is available after sale of assets and paying creditors) will be lost. You have no right to compensation from the Financial Services Compensation Scheme, or recourse to an ombudsman because Community Benefit Societies are exempt from the regulations governing public share offers and you should only ever invest as much as you are prepared to lose.

Who can buy shares?

Anyone over the age of 16 can buy shares.

Companies and other corporate bodies will become legal members of ELFDA, though they will have to nominate who their nominee will be when they make their application.

Clubs and other unincorporated groups (such as a group of friends or a family) can also buy shares, but whoever buys them will be the legal owner, and they need to make their own arrangements for how things like votes will be cast on their behalf, and how interest payments and withdrawal will be repaid to everyone who contributed in the first instance.

What's the minimum investment?

The minimum investment is **£100**. This is because this is an investment proposal in a community business, not a donation to a good cause. There's also a cost of processing each investment now and every year that person remains an investor, so we can't set the bar too low or else it'll end up costing us more than we receive.

Is there a maximum I can invest?

The maximum by an individual is **£5,000**. While the maximum legal permitted individual shareholding is £100,000, ELFDA will confine individual share allotments to 10% of the total capital raised. This is to ensure distributed ownership and to allow ELFDA to manage withdrawal requests from any individual member in the future.

Do I need to buy blocks of £100?

No – the £100 is a minimum. Each share is £1 so you can buy any amount between £100 worth and the maximum of £5,000.

What if £100 is too much for us?

Individuals can club together as friends or as a family and buy shares collectively, but in legal terms, the share is owned by the person who completes the application form and it is to them that any interest or withdrawal would be paid. It is the responsibility of the group to come to their own arrangements about exercising the rights and responsibilities of members.



How to Invest

Online

You can invest online at Crowdfunder, a crowdfunding site that specialises in community share offers. Our share offer is at www.crowdfunder.co.uk/elfda

Money will only be taken from your account at the end of the offer period and only if the minimum target has been achieved, and nothing will be taken if the project is unsuccessful.

Crowdfunder charges are 5% + VAT of funds invested via the platform; 1.4% for payments made using credit or debit cards, 1.4% plus 20p via STRIPE or 0.5% for payments made via Direct Debits through GoCardless. Investors will make this payment, and the society will receive the funds less these charges. The investor's capital account with the society will reflect the sums they have paid before charges, so the society can account for the charges as expenditure for the year in which the investment is made.

You will be informed by Crowdfunder when the money is being drawn down and you will be subsequently sent a share certificate by ELFDA.

The deadline to apply online is Wednesday 31st May 2017.

What happens when I invest?

When the offer is closed or has reached £50,000 (whichever is sooner) we will and process payments. Investors will then become legal owners of the ELFDA and in due course we will send share ownership certificates.