



## Who can issue Community Shares?

Community enterprises wishing to raise capital through a community share offer need to ensure they have an appropriate legal form. The current legal forms that can issue community shares are:

1. A Community Benefit Society
2. A Bona-fide Cooperative

**Don't worry** if your group currently has a different legal structure. We can help you register as one of these two forms. This can either be a conversion from your existing legal structure. Or we can help you create a new group that will work effectively alongside your current structure.

Nb. While the bona-fide cooperative is suitable for some, most groups use the community benefit society model for its broader community functionality.

## The 'Rules'

Any organisation seeking to become a co-operative or a community benefit society must register Rules with the FCA. The governance of a society is determined by these Rules. Many societies have adopted Model Rules provided by sponsoring bodies such as DTAS, Coops UK or Plunkett Foundation. These bodies also provide advice on how model rules can be amended to best serve the interests of the society and its members.

The Rules of a society determine the scope, terms and conditions of a share offer to the public. The society must also have the organisational and managerial capacity to meet its responsibilities.

## What about charitable status?

In Scotland, as of August 2015, a community benefit society can apply to the Scottish Charity Regulator to be registered charity. To obtain tax benefits the organisation will also have to apply to HMRC. The Scottish Charity Regulator have acknowledged that charitable community benefit societies may issue community shares and pay members interest on share capital. Talk to the Community Shares Scotland team for further info.

## How much does it cost?

Registering as a co-operative or a community benefit society can cost anything from £40 to £950. An application using model rules...

- without any amendment to the model = £40
- with between 1 and 6 amendments to the model = £120
- with between 7 and 10 amendments to the model = £350
- with 11 or more amendments to the model, or application not using model rules = £950

## Do other funders, lenders and public bodies have confidence in these models?

Yes! The community benefit society model is an increasingly popular and recognised form with many great advantages to community groups. Using the community benefit society model gives confidence to grant funders, lenders, Scot Gov (a CBS is a legitimate body for Right to Buy and Asset Transfer as enshrined in the Community Empowerment Act) and often levers in further funding thanks to the 'first move' of the community.