



Wales Co-operative Centre  
Canolfan Cydweithredol Cymru

[/www.wales.coop](http://www.wales.coop)

# Community Shares Wales

Investing in your community's future



ARIENNIR GAN Y LOTERI  
LOTTERY FUNDED

Community  
Shares

**Community shares** can save local shops and pubs, finance renewable energy schemes, transform community facilities, support local food growing, fund new football clubs, restore heritage buildings, and build stronger, more vibrant and independent communities.

The term 'community shares' refers to withdrawable share capital; a form of share capital unique to co-operative and community benefit society legislation. This type of share capital can only be issued by co-operative societies, community benefit societies and charitable community benefit societies.

**Community Shares Wales** is funded by Big Lottery Fund and delivered by the Wales Co-operative Centre. It provides support across Wales and works closely with the **Community Shares Unit** in England.

The project will raise awareness of community shares across Wales and support communities through the process of share issue, enabling them to develop local services and facilities at the heart of their communities.

# Why community shares?

All enterprises need risk capital to start, to grow and to be sustainable. This capital is usually provided by the shareholding owners of the enterprise. Risk capital allows the enterprise to ride the ups and downs of development when pursuing ambitious, business goals.

One of the main reasons why social enterprises can find it difficult to compete with private enterprises is their lack of access to risk capital in the form of equity investment.

Traditional equity investment is often considered as being incompatible with social purpose, because shares are directly linked to ownership and control. The more shares you have the greater your control.

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# Why community shares? continued

Community shares can overcome this problem by removing the link between the amount someone invests and the amount of control they have in the business. Community Shares use co-operative and community benefit society legislation. This has some unique characteristics:

- + Shares cannot be transferred between people. Instead, the society allows shareholders to withdraw their shares subject to terms and conditions that protect the society's financial security.
- + The value of shares is fixed and not subject to speculation, although some societies have the power to reduce share values if the society is experiencing financial difficulties.
- + Shareholders have only one vote, regardless of the size of their shareholding, so the society is democratic. There is also a limit on personal shareholdings, currently up to £100,000.



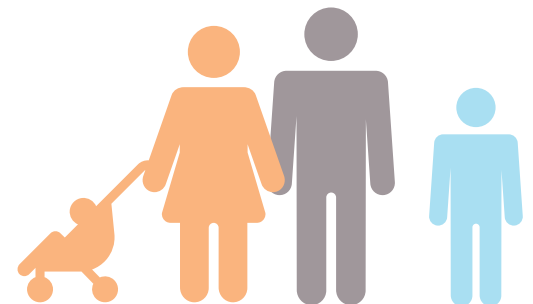
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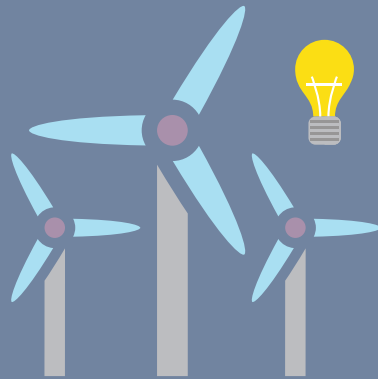
- + There is also a limit on the interest paid on share capital, based on the principle that interest should be no more than is sufficient to attract investment.
- + Finally, the majority of societies are subject to an asset lock, which prevents the society being sold and the proceeds of the sale being distributed amongst shareholders.

The consequence of these provisions is that societies are not subject to 'financial takeovers', in that they do not offer the prospect of capital gains. Community share schemes therefore need to attract investors who are aligned to the social ethos of the business. For societies it provides a source of long-term patient risk capital which helps attract other forms of finance (grant, donations and debt) giving the enterprise a good chance of viability and sustainability.

Based on all these qualities, community shares are an ideal way for communities to invest in enterprises serving a community purpose.

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## Awel Aman Tawe

Awel Aman Tawe has set up two co-ops to fund a community windfarm ([www.awel.coop](http://www.awel.coop)) and install solar panels on community buildings ([www.egni.coop](http://www.egni.coop)). By doing so, it generates clean energy, enables community projects to be more financially stable, and gives people the chance to put their money towards a more sustainable future.





## Tyn-y-Capel Inn & Restaurant

The Tyn-y-Capel in Minera is a community run pub which opened in April 2013, after 100, mostly local, people purchased shares in the venture. More than just a pub, the Tyn provides a place for meeting up, fosters community cohesion, provides local jobs and is at the heart of village identity.







## Riverside Market Garden

Riverside Market Garden supplies beautiful organic vegetables from its award winning market garden to Cardiff's farmers' markets, local people (with a 'veg box' scheme), and restaurants. To date over 150 community shareholders have invested nearly £12,000 between them to help fund farming equipment and polytunnels.





# Contact

If you are thinking about developing a community share scheme within your community we want to hear from you.

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We're in the  
business of  
creating a better,  
fairer, more  
co-operative  
Wales.

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Rydym yn croesawu gohebiaeth yn Gymraeg a Saesneg. Ni fydd oedi os byddwch yn gohebu â ni yn Gymraeg.