

Community benefit societies (BenComs)

BenComs are incorporated industrial and provident societies (IPS) that conduct business for the benefit of their community. Profits are not distributed amongst members, or external shareholders, but returned to the community. For example, a nursery school might use this form to let staff take part in decision-making.

How BenComs operate

As IPS, some key characteristics of BenComs are as follows:

- They are set up to conduct a business or trade.
- They are run and managed by their members.
- They must submit annual accounts.
- They can raise funds by issuing shares to the public.
- They can apply for charitable status, allowing them to raise capital through public grants and charitable trusts. If approved, they're known as exempt charities - reporting to the Financial Services Authority (FSA), not the Charity Commission.

BenComs are not to be confused with another form of IPS - co-operatives. Co-operatives operate for the mutual benefit of their members and may or may not be a social enterprise, depending on their activities and how they distribute their profits

Registration and costs

To register as a BenCom, you must demonstrate your social objectives and your reasons for registering as a society, rather than a company.

It can cost between £40 and £950 to register a BenCom with the FSA - payable each year. The fee depends on the BenCom's assets and whether it registers under self-written rules or FSA-approved rules.

[Download information and application fees from the FSA website](#)

You should seek legal advice, particularly if creating your own rules.

Adopting or opting out of this structure

A registered company may, by special resolution and under certain circumstances, convert into a registered society. Conversely, members can vote to change an IPS's objectives and convert it into a company.

Asset locks

Non-charitable BenComs can now apply an asset lock. This protects their assets for the future benefit of the community. BenComs that do so may only convert to a Community Interest Company (CIC).