

*Draft Regulations laid before Parliament under section 62(4) of the Companies (Audit, Investigations and Community Enterprise) Act 2004, for approval by resolution of each House of Parliament.*

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DRAFT STATUTORY INSTRUMENTS

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**2009 No. 0000**

**COMPANIES**

**The Community Interest Company  
(Amendment) Regulations 2009**

*Made* - - - - *\*\*\* 2009*  
*Coming into force* - - *1st October 2009*

The Secretary of State makes the following Regulations in exercise of the powers conferred by sections 30(1), 31(1), 32(3)(1), (4)(2) and (6)(3), 35(5), 37(7)(4), 40(3), 56, 57(1) and (2), 59(1) and 62(2) and (3) of the Companies (Audit, Investigations and Community Enterprise) Act 2004(5).

In accordance with section 62(4) of the Companies (Audit, Investigations and Community Enterprise) Act 2004 a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

**Citation, commencement and interpretation**

1.—(1) These Regulations may be cited as the Community Interest Company (Amendment) Regulations 2009 and come into force on 1st October 2009.

(2) In these Regulations—

“the 2004 Act” means the Companies (Audit, Investigations and Community Enterprise) Act 2004; and

“the Principal Regulations” means the Community Interest Company Regulations 2005(6).

**Existing companies: Scottish charities**

2. Subsections (1) and (2) of section 40 of the 2004 Act are repealed.

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(1) Section 32(3) was amended by S.I. 2009/[ ], Schedule 1, paragraph 223(5).  
(2) Section 32(4) was amended by S.I. 2009/[ ], Schedule 1, paragraph 223(6).  
(3) Section 32(6) was amended by S.I. 2009/[ ], Schedule 1, paragraph 223(8).  
(4) Section 37 was substituted by S.I. 2009/[ ], Schedule 1, paragraph 227(1).  
(5) 2004 c.27.  
(6) S.I. 2005/1788.

### Interpretation of the Principal Regulations

- 3.—(1) Regulation 2 of the Principal Regulations is amended as follows.
- (2) At the appropriate place insert—
- ““the 1965 Act” means the Industrial and Provident Societies Act 1965(7);”;
- ““the 1969 Northern Ireland Act” means the Industrial and Provident Societies Act (Northern Ireland) 1969(8);”;
- ““the Authority” means the Financial Services Authority;”;
- ““permitted industrial and provident society” means an industrial and provident society which has a restriction on the use of its assets in accordance with regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006(9) or regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006(10);”.
- (3) Omit the definitions of “the 1985 Act” and “the 1986 Order”(11).
- (4) In sub-paragraph (a) of the definition of “asset-locked body” for “or a charity” substitute “a charity or a permitted industrial and provident society”(12).
- (5) For the definition of “governmental authority” substitute—
- ““governmental authority” includes—
- (a) any national, regional or local government in the United Kingdom or elsewhere;
- (b) the European Community;
- (c) any inter-governmental organisation; and
- (d) any organisation which is able to make rules or adopt decisions which are legally binding on any governmental authority falling within sub#paragraph (a), (b) or (c);
- or any of their organs, institutions or agencies;(13).”(13).
- (6) For the definition of “public authority” substitute—
- ““public authority” includes—
- (a) a court or tribunal; and
- (b) any person certain of whose functions are functions of a public nature, whether in the United Kingdom or elsewhere;”.
- (7) In the definition of “subsidiary” for “given to it in section 736 of the 1985 Act or Article 4 of the 1986 Order” substitute “given to it by section 1159 of the 2006 Act”(14).

### Section of the community

4. For regulation 5 of the Principal Regulations substitute—

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(7) 1965 c.12.

(8) 1969 c.24 (N.I.).

(9) S.I. 2006/264.

(10) S.R. (NI) 2006 No 258.

(11) The definition of “the 1986 Order” was inserted by S.I. 2007/1093, Schedule 4, paragraph 27.

(12) The definition of “asset-locked body” was amended by S.I. 2007/1093, Schedule 4, paragraph 27.

(13) The definition of “governmental authority” was amended by S.I. 2007/1093, Schedule 4, paragraph 27.

(13) The definition of “governmental authority” was amended by S.I. 2007/1093, Schedule 4, paragraph 27.

(14) The definition of “subsidiary” was amended by S.I. 2007/1093, Schedule 4, paragraph 27.

**“Section of the community**

5. For the purposes of the community interest test, any group of individuals may constitute a section of the community if—

- (a) they share a common characteristic which distinguishes them from other members of the community; and
- (b) a reasonable person might consider that they constitute a section of the community.”.

**Becoming an industrial and provident society**

5. After Part 2 of the Principal Regulations insert—

**“PART 2A**

**CONVERSION TO AN INDUSTRIAL AND PROVIDENT SOCIETY**

**Becoming an industrial and provident society**

**6A.** Pursuant to section 56 of the 2004 Act(15), a community interest company may convert itself into a permitted industrial and provident society and section 53 of the 1965 Act and section 62 of the 1969 Northern Ireland Act apply to community interest companies, modified so that they read as follows—

- (a) section 53 of the 1965 Act—

**“Conversion of company into registered society**

**53.—(1)** A company registered under the Companies Acts which is a community interest company may, by special resolution, determine to convert itself into a registered society which has a restriction on use of assets in accordance with the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006; and for this purpose, in any case where the nominal value of the company’s shares held by any member other than a registered society exceeds the maximum for the time being permitted by section 6(1) of this Act in the case of a member of a registered society the resolution may provide for the conversion of the shares representing that excess into a transferable loan stock bearing such rate of interest as may be fixed, and repayable on such conditions only as are determined by the resolution.

(2) Any such resolution as aforesaid shall be accompanied by a copy of the rules of the society therein referred to and shall appoint three persons, being members of the company, who, together with a director, shall sign the rules and who may either—

- (a) be authorised to accept any alterations made by the Authority therein without further consulting the company; or
- (b) be required to lay any such alterations before the company in general meeting for acceptance as the resolution may direct.

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(15) Section 56 was amended by S.I. 2007/1093, Schedule 4, paragraph 21.

(2A) The following documents shall be sent to the registrar of companies—

- (a) a copy of the resolution;
- (b) a copy of the rules of the society therein referred to; and
- (c) a statement by the Authority that, in its opinion, if those rules take effect, the company will become a registered society which has a restriction on use of assets in accordance with the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006,

and, on receiving them, the registrar of companies must forward each of the documents to the Regulator.

(2B) The Regulator must decide whether the company is eligible to cease being a community interest company.

(2C) The company is eligible to cease being a community interest company if none of the following applies—

- (a) the Regulator has under section 43 of the 2004 Act appointed an auditor to audit the company's annual accounts and the audit has not been completed,
- (b) civil proceedings instituted by the Regulator in the name of the company under section 44 of the 2004 Act have not been determined or discontinued,
- (c) a director of the company holds office by virtue of an order under section 45 of the 2004 Act,
- (d) a director of the company is suspended under section 46(3) of the 2004 Act,
- (e) there is a manager in respect of the property and affairs of the company appointed under section 47 of the 2004 Act,
- (f) the Official Property Holder holds property as trustee for the company,
- (g) an order under section 48(2) or (3) of the 2004 Act is in force in relation to the company,
- (h) a petition has been presented for the company to be wound up.

(2D) The Regulator must give notice of the decision to the company.

(2E) The Authority shall register the community interest company as a registered society under this Act if the following conditions are met—

- (a) a copy of the resolution aforesaid and a copy of the rules aforesaid is delivered to the Authority;
- (b) a copy of the decision of the Regulator that the company is eligible to cease being a community interest company is delivered to the Authority;
- (c) the company has a restriction on use of assets in accordance with the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006.

(3) The Authority upon the registration of the society under this Act, shall give to it, in addition to an acknowledgement of registration under

section 2(3) of this Act, a certificate similarly sealed or signed that the rules of the society referred to in the resolution have been registered.

(4) A copy of any such resolution as aforesaid together with a copy of the notice of the decision issued by the Regulator and the certificate issued as aforesaid by the Authority shall be sent to the registrar of companies and, upon his registering that resolution and certificate (but not the notice of the decision issued by the Regulator), the conversion shall take effect.

(5) The name under which any community interest company is registered under this section as a registered society shall not include any of the following words, expressions or abbreviations—

- (a) “company”,
- (b) “community interest company” or (with or without full stops) the abbreviation “cic”,
- (c) “cwmni buddiant cymunedol” or (with or without full stops) the abbreviation “cbc”,
- (d) “community interest public limited company” or (with or without full stops) the abbreviation “community interest plc”, or
- (e) “cwmni buddiant cymunedol cyhoeddus cyfyngedig” or (with or without full stops) the abbreviation “cwmni buddiant cymunedol ccc”.

(6) Subject to the next following subsection, upon the conversion of a community interest company into a registered society under this section, the registration of the company under the Companies Acts shall become void and shall be cancelled by the registrar of companies.

(7) The registration of a community interest company as a registered society shall not affect any right or claim for the time being subsisting against the company or any penalty for the time being incurred by the company; and—

- (a) for the purpose of enforcing any such right, penalty or claim the company may be sued and proceeded against in the same manner as if it had not been registered as a society;
- (b) any such right or claim and the liability to any such penalty shall have priority as against the property of the registered society over all other rights or claims against or liabilities of the society.

(8) (8) In this section—

“the 2004 Act” means the Companies (Audit, Investigations and Community Enterprise) Act 2004;

“the Official Property Holder” has the meaning given in section 29 of the 2004 Act; and

“the Regulator” has the meaning given in section 27 of the 2004 Act.”,

(b) section 62 of the 1969 Northern Ireland Act—

### “Conversion of company into registered society

**62.—**(1) A company registered under the Companies Act 2006 which is a community interest company may, by special resolution, determine to convert itself into a registered society which has a restriction on use of assets in accordance with the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006; and for this purpose, in any case where the nominal value of the company’s shares held by any member other than a registered society exceeds the maximum for the time being permitted by section 6(1), the resolution may provide for the conversion of the shares representing that excess into a transferable loan stock bearing such rate of interest as may be fixed, and repayable on such conditions only as are determined by the resolution.

(2) Any such resolution as aforesaid shall be accompanied by a copy of the rules of the society therein referred to and shall appoint three persons, being members of the company, who, together with a director, shall sign the rules and who may either—

- (a) be authorised to accept any alterations made by the registrar therein without further consulting the company; or
- (b) be required to lay any such alterations before the company in general meeting for acceptance as the resolution may direct.

(2A) The following documents shall be sent to the registrar of companies—

- (a) a copy of the resolution;
- (b) a copy of the rules of the society therein referred to; and
- (c) a statement by the registrar that, in its opinion, if those rules take effect, the company will become a registered society which has a restriction on use of assets in accordance with the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006,

and, on receiving them, the registrar of companies must forward each of the documents to the Regulator.

(2B) The Regulator must decide whether the company is eligible to cease being a community interest company.

(2C) The company is eligible to cease being a community interest company if none of the following applies—

- (a) the Regulator has under section 43 of the 2004 Act appointed an auditor to audit the company’s annual accounts and the audit has not been completed,
- (b) civil proceedings instituted by the Regulator in the name of the company under section 44 of the 2004 Act have not been determined or discontinued,
- (c) a director of the company holds office by virtue of an order under section 45 of the 2004 Act,
- (d) a director of the company is suspended under section 46(3) of the 2004 Act,

- (e) there is a manager in respect of the property and affairs of the company appointed under section 47 of the 2004 Act,
  - (f) the Official Property Holder holds property as trustee for the company,
  - (g) an order under section 48(2) or (3) of the 2004 Act is in force in relation to the company,
  - (h) a petition has been presented for the company to be wound up.
- (2D) The Regulator must give notice of the decision to the company.
- (2E) The registrar shall register the community interest company as a registered society under this Act if the following conditions are met—
- (a) a copy of the resolution aforesaid and a copy of the rules aforesaid is delivered to the registrar;
  - (b) a copy of the decision of the Regulator that the company is eligible to cease being a community interest company is delivered to the registrar;
  - (c) the company has a restriction on use of assets in accordance with the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006.
- (3) The registrar, upon the registration of the society under this Act, shall give to it, in addition to an acknowledgment of registration under section 2(3), a certificate that the rules of the society referred to in the resolution have been registered.
- (4) A copy of any such resolution as aforesaid together with a copy of the notice of the decision issued by the Regulator and the certificate issued as aforesaid by the registrar shall be sent to the registrar of companies and, upon his registering the copy of the resolution and the certificate (but not the notice of the decision issued by the Regulator), the conversion shall take effect and the property of the company shall vest in the society without any conveyance or assignment.
- (5) The name under which any community interest company is registered under this section as a registered society shall not include any of the following words, expressions or abbreviations—
- (a) “company”,
  - (b) “community interest company” or (with or without full stops) the abbreviation “cic”,
  - (c) “cwmni buddiant cymunedol” or (with or without full stops) the abbreviation “cbc”,
  - (d) “community interest public limited company” or (with or without full stops) the abbreviation “community interest plc”,  
or
  - (e) “cwmni buddiant cymunedol cyhoeddus cyfyngedig” or (with or without full stops) the abbreviation “cwmni buddiant cymunedol ccc”.
- (6) Subject to subsection (7), upon the conversion of a community interest company into a registered society under this section, the registration of the company under the Companies Act 2006 shall become

void and the registrar of companies shall thereupon strike the name of the company off the register.

(7) The registration of a community interest company as a registered society shall not affect any right or claim for the time being subsisting against the company or any penalty for the time being incurred by the company; and—

- (a) for the purpose of enforcing any such right, penalty or claim the company may be sued and proceeded against in the same manner as if it had not been registered as a society;
- (b) any such right or claim and the liability to any such penalty shall have priority as against the property of the registered society over all other rights or claims against or liabilities of the society.

(8) In this section—

“the 2004 Act” means the Companies (Audit, Investigations and Community Enterprise) Act 2004;

“the Official Property Holder” has the meaning given in section 29 of the 2004 Act; and

“the Regulator” has the meaning given in section 27 of the 2004 Act.”.”.

#### **Requirements concerning the memorandum and articles**

6.—(1) In the heading of Part 3 of the Principal Regulations, for “MEMORANDUM AND ARTICLES” substitute “ARTICLES OF ASSOCIATION”.

(2) In regulations 7, 8 and 10 of the Principal Regulations omit “memorandum or”.

#### **Company without share capital**

7. For regulation 7 of the Principal Regulations substitute—

##### **“Company without share capital**

7. A community interest company which is a company limited by guarantee without a share capital must include in its articles the provisions prescribed by Schedule 1, but if the company is a community interest company immediately prior to 1st October 2009 it may continue to comply with Schedule 1, as Schedule 1 read immediately prior to that date.”.

#### **Company with share capital**

8. For regulation 8 of the Principal Regulations substitute—

##### **“Company with share capital**

8. A community interest company which is a company limited by shares or a company limited by guarantee with a share capital must include in its articles either—

- (a) the provisions prescribed by Schedule 2; or
- (b) the provisions prescribed by Schedule 3,

but if the company is a community interest company immediately prior to 1st October 2009 it may continue to comply with Schedule 2 or Schedule 3 (as the case may be), as Schedule 2 or Schedule 3 read immediately prior to that date.”.

#### **Prescribed conversion documents**

9. In paragraph (1) of regulation 12(16) of the Principal Regulations—
- (a) in sub-paragraph (c)(i) delete “or”;
  - (b) in sub-paragraph (c)(ii) for “the Charity Commissioners” substitute “the Charity Commission”(17) and at the end insert “, or”;
  - (c) after sub-paragraph (c)(ii) insert—
    - “(iii) in the case of a company that is a Scottish charity, a declaration that the Scottish Charity Regulator, and, where applicable, the Charity Commission, has given the company the written consent required by section 40 of the 2004 Act”.

#### **Requirement for Regulator’s approval**

10. In regulation 13 of the Principal Regulations for “memorandum” substitute “articles”.

#### **Documents to be delivered to registrar of companies**

11. In regulation 14(1)(18) of the Principal Regulations for the words from “a copy of” to “(registration of resolutions)” substitute “notice under section 31(2)(a) of the 2006 Act (notice of amendment of articles so as to add, remove or alter a statement of the company’s objects) is given to the registrar of companies”.

#### **Decisions etc**

12. In regulation 15(19) of the Principal Regulations—
- (a) in paragraph (1), for the words from “the copies of” to “1986 Order” substitute “notice under section 31(2)(a) of the 2006 Act”;
  - (b) in paragraph (2), for “memorandum” substitute “articles”;
  - (c) in paragraph (6), for sub-paragraphs (a) and (b) substitute—
    - “(a) register the notice under section 31(2)(a) of the 2006 Act;
    - (b) register any copy of the amended articles delivered pursuant to section 26(1) of that Act; or”.

#### **Exemptions**

13. In regulation 16(20) of the Principal Regulations for “memorandum” substitute “articles”.

#### **Declaration of dividends**

14. In regulation 17(1)(a) of the Principal Regulations delete “memorandum and”.

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(16) Sub-paragraph (c) of regulation 12(1) was substituted by S.I. 2007/1093, Schedule 4, paragraph 30.

(17) The functions, rights, liabilities etc of the Charity Commissioners were transferred to the Charity Commission under the Charities Act 2006 (c.50), section 6.

(18) Regulation 14(1) was amended by S.I. 2007/1093, Schedule 4, paragraph 31.

(19) Regulation 15(1) and (6) was amended by S.I. 2007/1093, Schedule 4, paragraph 32.

(20) Regulation 16 was amended by S.I. 2007/1093, Schedule 4, paragraph 33.

### **Distribution of assets on a winding up**

- 15.** In regulation 23 of the Principal Regulations—
- (a) in paragraph (5) delete “memorandum or”;
  - (b) in paragraph (6)(a) delete “memorandum and”;
  - (c) in paragraph (6)(b) and (c)(i) delete “memorandum or”;
  - (d) in paragraph (7)(b) delete “memorandum and”.

### **Community interest company report**

- 16.**—(1) Regulation 26 of the Principal Regulations(**21**) is amended as follows.
- (2) After paragraph (1)(b) insert—
- “(c) the information specified in—
- (i) Schedule 3 to the Small Companies and Groups (Accounts and Directors’ Report) Regulations 2008(**22**), or
  - (ii) Schedule 5 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008(**23**) save that the information specified in Part 2 of that Schedule shall be given only in the case of a company which is not a quoted company.”.
- (3) After paragraph (2) insert—
- “(3) If—
- (a) a community interest company has provided the information required by paragraph (1)(c) in its copy of the annual accounts for the year delivered to the registrar of companies under section 441 of the 2006 Act; and
  - (b) its community interest company report contains a statement that details of the remuneration of the directors of the company during the financial year may be found in the notes to the annual accounts of the company,
- the community interest report need not contain the information required by paragraph (1)(c).
- (4) Paragraphs (1)(c) and (3) have effect for financial years ending on or after 1st October 2009.”.

### **Modifications and amendments**

- 17.** In regulation 34(**24**) of the Principal Regulations—
- (a) for paragraph (1) substitute—
 

“(1) The registrar of companies shall not cause to be published in the Gazette notice pursuant to section 1077 of the Companies Act 2006 of the receipt of documents under section 37C(3) or 54C(4) of the 2004 Act unless the registrar records those documents pursuant to section 38A(1)(b) or 55A(1)(b) of the 2004 Act.”;
  - (b) omit paragraph (4).

### **Schedules**

- 18.** In the headings to each of Schedules 1, 2 and 3 omit “MEMORANDUM OR”.

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(21) Regulation 26(1)(c) and (3) was revoked by [S.I. 2008/948](#), Schedule 1, paragraph 242(1) and (3).

(22) [S.I. 2008/409](#).

(23) [S.I. 2008/410](#).

(24) Regulation 34 was amended by [S.I. 2007/1093](#), Schedule 4, paragraph 39.

### Definition of “asset-locked body”

19. In paragraph 1(4)(a)(i)(25) of each of Schedules 1, 2 and 3 to the Principal Regulations for “or a charity” substitute “a charity, or a permitted industrial and provident society”.

### Definition of “permitted industrial and provident society”

20. In paragraph 1(4) of each of Schedules 1, 2 and 3 to the Principal Regulations after paragraph (b) insert—

“(ba) “permitted industrial and provident society” means an industrial and provident society which has a restriction on the use of its assets in accordance with regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006 or regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006;”.

### Appointment and removal of directors

21. Sub-paragraphs (2) to (5) of paragraph 3 of each of Schedules 1, 2 and 3 to the Principal Regulations are revoked.

### Voting at meetings of directors

22.—(1) In paragraph 4(1) of each of Schedules 1, 2 and 3 to the Principal Regulations omit “; in case of an equality of votes, the chairman shall have a second or casting vote”.

(2) Sub-paragraph (2) of paragraph 4 of each of Schedules 1, 2 and 3 to the Principal Regulations is revoked.

### Fees payable to the registrar of companies

23. For Schedule 5 to the Principal Regulations substitute—

“SCHEDULE 5

Regulation 36

#### FEES PAYABLE TO THE REGISTRAR OF COMPANIES

<i>Matter in relation to which fee is payable</i>	<i>Amount of fee</i>	<i>When payable</i>
Decision under section 36A(1) of the 2004 Act as to whether a company is eligible to be formed as a community interest company	£15.00	On delivery to the registrar under section 9 of the 2006 Act, section 36 of the 2004 Act and regulation 11 of the documents constituting an application to form a community interest company
Decision under section 38(1) of the 2004 Act as to whether a company is eligible to become a community interest company	£15.00	On delivery to the registrar under section 30 of the 2006 Act, section 37 of the 2004 Act and regulation 12 of the documents constituting an application to the registrar to become a community interest company

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(25) Paragraph 1(4)(a)(i) of each of Schedules 1, 2 and 3 was amended by [S.I. 2007/1093](#), Schedule 4, paragraphs 42, 43 and 44 respectively.

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**Draft Legislation:** This is a draft item of legislation item. This draft has since been made as a UK  
Statutory Instrument: The Community Interest Company (Amendment) Regulations 2009 No. 1942

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Consideration of a community interest company report forwarded by the registrar under section 34(4) of the 2004 Act	£15.00	On delivery of the report to the registrar”
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Date

*Name*  
Minister for Business and Regulatory Reform,  
Department for Business, Innovation and Skills

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations exercise powers in the Companies (Audit, Investigations and Community Enterprise) Act 2004 (c.27) (the “2004 Act”) and amend the Community Interest Company Regulations 2005 (S.I. 2005/1788) (the “Principal Regulations”).

These Regulations come into force on 1st October 2009 and extend to the whole of the United Kingdom, reflecting the extent of the Companies Act 2006 (c.46).

Regulation 2 repeals subsections (1) and (2) of section 40 of the 2004 Act with the consequences that a Scottish charity may become a community interest company and subsections (4) to (7) of section 40 come into force (see section 40(3) of the 2004 Act).

Regulation 3 amends regulation 2 of the Principal Regulations (interpretation).

Regulation 4 modifies the definition of what constitutes a section of the community.

Regulation 5 permits certain community interest companies to convert into industrial and provident societies. It applies section 53 of the Industrial and Provident Societies Act 1965 (c.12) and section 62 of the Industrial and Provident Societies Act (Northern Ireland) 1969 (c.24) with modifications to community interest companies, as provided for in section 56 of the 2004 Act.

Regulation 6 makes amendments consequential on provisions of the Companies Act 2006 coming into force.

Regulations 7 and 8 are savings provisions, permitting community interest companies that are in existence prior to 1st October 2009 to maintain their articles of association in accordance with Schedule 1, 2 or 3 of the Principal Regulations, as applicable, as Schedule 1, 2 or 3 read immediately prior to 1st October 2009.

Regulation 9 adds a provision to paragraph (1) of regulation 12 of the Principal Regulations relating to the Scottish Charity Regulator consequent on section 40 of the 2004 Act having been amended to permit Scottish charities to become community interest companies.

Regulations 10 to 15 make amendments consequential on provisions of the Companies Act 2006 coming into force.

Regulation 16 restores the provisions originally found in regulation 26(1)(c) and (3) of the Principal Regulations but with changes consequential on provisions of the Companies Act 2006 coming into force.

Regulations 17 and 18 make amendments consequential on provisions of the Companies Act 2006 coming into force.

Regulations 18 to 22 make amendments to the provisions prescribed for the articles of a community interest company.

Regulations 19 and 20 extend the definition of “asset locked body” to include industrial and provident societies which have a restriction on the use of their assets in accordance with the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006 (S.I. 2006/264) or the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006 (S.R. (NI) 2006 No 258), which means that a community interest company can transfer assets at an undervalue to such industrial and provident societies, in accordance with paragraph 1(2) in each of Schedules 1, 2 and 3 to the Principal Regulations.

Regulation 21 revokes sub-paragraphs (2) to (5) of paragraph 3 in each of Schedules 1, 2 and 3 to the Principal Regulations thus removing the restrictions on giving powers to persons who are not members of the community interest company to appoint and remove directors.

Regulation 22 removes the right of a chairman to have a second or casting vote in the case of an equality of votes at a board meeting and removes the right of an alternate director, in the absence of his appointer, to have a separate vote on behalf of his appointer in addition to his own vote.

Regulation 23 substitutes Schedule 5 to the Principal Regulations to make amendments consequential on provisions of the Companies Act 2006 coming into force.

An Impact Assessment has not been prepared for this instrument as it is not anticipated that these changes will lead to any significant costs or burdens.