

These notes refer to the Companies (Audit, Investigations and Community Enterprise) Act 2004 (c.27) which received Royal Assent on 28 October 2004

COMPANIES (AUDIT, INVESTIGATIONS AND COMMUNITY ENTERPRISE) ACT 2004

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: Community Interest Companies

Summary and background

Supervision by Regulator

Section 42 - Investigation; and Schedule 7 - Community interest companies: investigations

242. This section gives the Regulator powers to investigate the affairs of CICs, and to appoint people other than members of the Regulator's staff to carry out such investigations. This means that where necessary the Regulator can use third parties with appropriate expertise in particular areas, such as accountancy. The Regulator may also authorise members of his own staff to carry out investigations (*paragraph 5 of Schedule 3*). *Subsection (3)* gives effect to *Schedule 7*, which details the investigation powers conferred on the Regulator by *clause 40*. These are powers to require a CIC or any other person to provide documents and information (*paragraph 1*). The powers, and the further provisions contained in the Schedule (*paragraphs 2 - 5*), are based on the powers conferred on the Secretary of State under new *section 447* of the Companies Act 1985.. It is intended that if, after using these powers, the Regulator concludes that a full investigation of a CIC may be required, he will refer the matter to the Companies Investigation Branch of the DTI, which will consider whether to carry out an investigation under Part 14 of the Companies Act 1985.