

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

Change of status

Section 54 - Becoming a charity or a Scottish charity: requirements

260. This section sets out the steps that a CIC must take if it wishes to give up CIC status and become a charitable company. *Subsection (1)* requires the CIC to change its name and make any other appropriate changes to its constitution by special resolution, and *subsection (2)* requires such changes to be notified to the registrar. Where changes are made to the company's memorandum under section 4 (alteration of objects) or section 17 (changes to provisions in memorandum that could be included in articles) of the Companies Act 1985, section 5 of that Act gives members of the company a right to apply to court. Therefore, *subsections (3) and (4)* provide that where such changes to the memorandum are made, the company must not submit its application to give up CIC status until either the changes have been confirmed by the court, or the deadline for objections has passed.
261. For CICs with their registered offices in England and Wales, or in Wales, conversion to a charitable company will not be permitted without a written statement from the Charity Commissioners that in their opinion, the CIC will have charitable status (and will not be an exempt charity) once the special resolutions have taken effect (*subsection (7)*). For CICs with their registered offices in Scotland that wish to become a Scottish charity, a written statement from the Inland Revenue will be required, confirming that the CIC has applied for recognition as a Scottish charity, and would be granted such recognition if it ceases to be a CIC (*subsection (8)*). The relevant written statement must also be sent to the registrar (*subsection (6)(b)*).