



# Companies (Audit, Investigations and Community Enterprise) Act 2004

## 2004 CHAPTER 27

### PART 2

#### COMMUNITY INTEREST COMPANIES

##### *Requirements*

#### **30 Cap on distributions and interest**

- (1) Community interest companies must not distribute assets to their members unless regulations make provision authorising them to do so.
- (2) If regulations authorise community interest companies to distribute assets to their members, the regulations may impose limits on the extent to which they may do so.
- (3) Regulations may impose limits on the payment of interest on debentures issued by, or debts of, community interest companies.
- (4) Regulations under this section may make provision for limits to be set by the Regulator.
- (5) The Regulator—
  - (a) may set a limit by reference to a rate determined by any other person (as it has effect from time to time), and
  - (b) may set different limits for different descriptions of community interest companies.
- (6) The Regulator must (in accordance with section 27)—
  - (a) undertake appropriate consultation before setting a limit, and
  - (b) in setting a limit, have regard to its likely impact on community interest companies.

(7) Regulations under this section may include power for the Secretary of State to require the Regulator to review a limit or limits.

(8) Where the Regulator sets a limit he must publish notice of it in the Gazette.

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

(1) Regulations may make provision for and in connection with the distribution, on the winding up of a community interest company, of any assets of the company which remain after satisfaction of the company's liabilities.

(2) The regulations may, in particular, amend or modify the operation of any enactment or instrument.

### **32 Memorandum and articles**

(1) The memorandum of a community interest company must state that the company is to be a community interest company.

(2) Section 7(1) of the Companies Act 1985 (c. 6) (articles) applies in relation to a community interest company limited by shares as if it were a company limited by guarantee (so that articles must be registered).

(3) The memorandum and articles of a community interest company of any description—  
(a) must at all times include such provisions as regulations require to be included in the memorandum and articles of every community interest company or a community interest company of that description, and  
(b) must not include such provisions as regulations require not to be so included.

(4) The provisions required by regulations under subsection (3)(a) to be included in the memorandum or articles of a community interest company may (in particular) include—  
(a) provisions about the transfer and distribution of the company's assets (including their distribution on a winding up),  
(b) provisions about the payment of interest on debentures issued by the company or debts of the company,  
(c) provisions about membership of the company,  
(d) provisions about the voting rights of members of the company,  
(e) provisions about the appointment and removal of directors of the company, and  
(f) provisions about voting at meetings of directors of the company.

(5) The memorandum and articles of a community interest company are of no effect to the extent that they—  
(a) are inconsistent with provisions required to be included in the memorandum or articles of the company by regulations under subsection (3)(a), or  
(b) include provisions required not to be included by regulations under subsection (3)(b).

(6) Regulations may make provision for and in connection with restricting the ability of a community interest company under section 4 of the Companies Act 1985 (c. 6) to alter its memorandum with respect to the statement of its objects.

### **33 Names**

- (1) The name of a community interest company which is not a public company must end with—
  - (a) “community interest company”, or
  - (b) “c.i.c.”.
- (2) But the name of such a company may (instead) end with—
  - (a) “cwmni buddiant cymunedol”, or
  - (b) “c.b.c.”,if the memorandum of the company states that the company’s registered office is to be situated in Wales.
- (3) The name of a community interest company which is a public company must end with—
  - (a) “community interest public limited company”, or
  - (b) “community interest p.l.c.”.
- (4) But the name of such a company may (instead) end with—
  - (a) “cwmni buddiant cymunedol cyhoeddus cyfyngedig”, or
  - (b) “cwmni buddiant cymunedol c.c.c.”,if the memorandum of the company states that the company’s registered office is to be situated in Wales.
- (5) Section 25 of the Companies Act 1985 (company name to end with “public limited company” or “limited” or equivalent) does not apply to community interest companies.
- (6) Schedule 6 (further provisions about names) has effect.

### **34 Community interest company reports**

- (1) The directors of a community interest company must prepare in respect of each financial year a report about the company’s activities during the financial year (a “community interest company report”).
- (2) Section 242(1) of the Companies Act 1985 is to be treated as requiring the directors of a community interest company to deliver to the registrar of companies a copy of the community interest company report.
- (3) Regulations—
  - (a) must make provision requiring community interest company reports to include information about the remuneration of directors,
  - (b) may make provision as to the form of, and other information to be included in, community interest company reports, and
  - (c) may apply provisions of the Companies Act 1985 (c. 6) relating to directors’ reports to community interest company reports (with any appropriate modifications).
- (4) The registrar of companies must forward to the Regulator a copy of each community interest company report delivered to the registrar by virtue of this section.

### **35 Community interest test and excluded companies**

- (1) This section has effect for the purposes of this Part.
- (2) A company satisfies the community interest test if a reasonable person might consider that its activities are being carried on for the benefit of the community.
- (3) An object stated in the memorandum of a company is a community interest object of the company if a reasonable person might consider that the carrying on of activities by the company in furtherance of the object is for the benefit of the community.
- (4) Regulations may provide that activities of a description prescribed by the regulations are to be treated as being, or as not being, activities which a reasonable person might consider are activities carried on for the benefit of the community.
- (5) “Community” includes a section of the community (whether in Great Britain or anywhere else); and regulations may make provision about what does, does not or may constitute a section of the community.
- (6) A company is an excluded company if it is a company of a description prescribed by regulations.