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STATUTORY INSTRUMENTS

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**2009 No. 1942**

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

**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<sup>(1)</sup>, 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.

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

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(1) Section 56 was amended by [S.I. 2007/1093](#), Schedule 4, paragraph 21.

- (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) 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.”.”.

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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