

SCHEDULE 1

Regulation 7

PROVISIONS PRESCRIBED FOR THE MEMORANDUM
OR ARTICLES OF A COMMUNITY INTEREST COMPANY
LIMITED BY GUARANTEE WITHOUT A SHARE CAPITAL

- 1.—(1) The company shall not transfer any of its assets other than for full consideration.
 - (2) Provided the conditions in sub-paragraph (3) are satisfied, sub-paragraph (1) shall not apply to—
 - (a) the transfer of assets to any specified asset-locked body, or (with the consent of the Regulator) to any other asset-locked body; and
 - (b) the transfer of assets made for the benefit of the community other than by way of a transfer of assets to an asset-locked body.
 - (3) The conditions are that the transfer of assets must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in the memorandum or articles of the company.
 - (4) In this paragraph—
 - (a) “asset-locked body” means—
 - (i) a community interest company, charity or Scottish charity; or
 - (ii) a body established outside the United Kingdom that is equivalent to any of those persons;
 - (b) “community” is to be construed in accordance with section 35(5) of the Companies (Audit, Investigations and Community Enterprise) Act 2004;
 - (c) “charity” (except in the phrase “Scottish charity”) has the meaning given by section 96(1) of the Charities Act 1993⁽¹⁾;
 - (d) “the Regulator” means the Regulator of Community Interest Companies;
 - (e) “Scottish charity” has the meaning given by section 1(7) of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990⁽²⁾;
 - (f) “specified” means specified in the memorandum or articles of association of the company for the purposes of this paragraph; and
 - (g) “transfer” includes every description of disposition, payment, release or distribution, and the creation or extinction of an estate or interest in, or a right over, any property.
- 2.—(1) The subscribers to the memorandum are the first members of the company.
 - (2) Such other persons as are admitted to membership in accordance with the articles shall be members of the company.
 - (3) No person shall be admitted a member of the company unless he is approved by the directors.
 - (4) Every person who wishes to become a member shall deliver to the company an application for membership in such form (and containing such information) as the directors require and executed by him.
 - (5) Membership is not transferable to anyone else.
 - (6) Membership is terminated if:
 - (a) the member dies or ceases to exist; or

(1) 1993 c. 10.

(2) 1990 c. 40.

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

(b) otherwise in accordance with the articles.

3.—(1) A person who is not a member of the company shall not have any right to vote at a general meeting of the company; but this is without prejudice to any right to vote on a resolution affecting the rights attached to a class of the company's debentures.

(2) No powers to appoint directors of the company may be given to persons who are not members of the company which immediately after their exercise could result in the majority of the directors of the company having been appointed by persons who are not members of the company.

(3) No powers to remove directors of the company may be given to persons who are not members of the company which immediately after their exercise could result in either—

(a) the majority of the remaining directors of the company having been appointed by persons who are not members of the company; or

(b) the number of directors removed during the current financial year of the company by persons who are not members of the company exceeding the number of the remaining directors of the company.

(4) However, sub-paragraphs (2) and (3) shall not prevent a director from appointing, or subsequently removing, an alternate director, if permitted to do so by the articles.

(5) In this paragraph, "financial year" has the meaning given in section 223 of the Companies Act 1985(3).

4.—(1) Questions arising at a meeting of directors shall be decided by a majority of votes; in case of an equality of votes, the chairman shall have a second or casting vote.

(2) A director who is also an alternate director shall be entitled in the absence of his appointer to a separate vote on behalf of his appointer in addition to his own vote.

(3) Except as provided by sub-paragraphs (1) and (2) in all proceedings of directors each director must not have more than one vote.

(3) Section 223 of the 1985 Act was inserted by section 3 of the Companies Act 1989.