

SCHEDULE 3

Regulation 8(b)

ALTERNATIVE PROVISIONS PRESCRIBED FOR THE MEMORANDUM
OR ARTICLES OF A COMMUNITY INTEREST COMPANY LIMITED
BY SHARES, OR LIMITED BY GUARANTEE WITH 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;
 - (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;
 - (c) the payment of dividends in respect of shares in the company;
 - (d) the distribution of assets on a winding up;
 - (e) payments on the redemption or purchase of the company’s own shares;
 - (f) payments on the reduction of share capital; and
 - (g) the extinguishing or reduction of the liability of members in respect of share capital not paid up on the reduction of share capital.
- (3) The conditions are that the transfer of assets—
- (a) 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; and
 - (b) must not exceed any limits imposed by, or by virtue of, Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004.
- (4) In this paragraph—
- (a) “asset-locked body” means—
 - (i) a community interest company, charity or Scottish charity; or
 - (ii) a body established outside Great Britain 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 of the Charities Act 1993;
 - (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;
 - (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 directors may refuse to register the transfer of a share to a person of whom they do not approve.
- (2) They may also refuse to register the transfer unless it is lodged at the registered office of the company or at such other place as the directors may appoint and is accompanied by such evidence

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as the directors may reasonably require to show the right of the transferor to make the transfer, and by such other information as they may reasonably require.

(3) If the directors refuse to register such a transfer, they shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.

(4) The provisions of this paragraph apply in addition to any restrictions on the transfer of a share which may be set out elsewhere in the memorandum or articles of the company.

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.

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.