

DISSOLVING A COMMUNITY INTEREST COMPANY

There are two ways to voluntarily dissolve a Community Interest Company. Under section 53 of the Companies Act 2004 a CIC may only be allowed to cease either through dissolution of the company or by 'converting' the CIC to a charity. It should be noted that a CIC cannot be converted into an ordinary limited company.

A CIC can only be struck off the register if the CIC itself makes the application and must be made on behalf of the directors. There must also be a majority of directors in agreement of the dissolution. You must also inform any staff of this decision and inform HRMC that you will no longer be paying PAYE or NI contributions. You should also inform any creditors of the dissolution.

There are also a number of criteria that must be met before a CIC will be eligible for dissolution. The company cannot have been trading or carrying on business in the three months prior to the request. There cannot have been a change to the name of the CIC in the previous three months and the CIC cannot have been taking part in any activities other than those relating to carrying out the dissolution. Companies House has provided a guidance document "[Strike-off, Dissolution and Restoration](#)" which gives a full outline of requirements ahead of dissolution. You must also pay off any Corporation Tax and other outstanding tax liabilities.

The asset lock and dissolution

If the CIC has assets and has a named asset locked body in the articles of association then the process for transfer is relatively straightforward. However if the organisation has identified an organisation to pass assets on to which is not specified in the articles of association and wishes to transfer them for less than full consideration, then consent will be required from the CIC regulator. This is achieved through the completion and return of a [CIC53](#) form. The information provided will be considered by the CIC Regulator during the strike off process.

In the instance of a CIC wishing to 'convert' to a charity (*please see section 2.4*), once the new charity has been established the CIC can pass a special resolution to amend its articles of association and nominate the new charity as the asset locked body to receive its assets on dissolution. Once the resolution and amended articles of association have been filed at Companies House, the assets can be transferred to the charity without the involvement of the CIC Regulator's Office. The CIC may then apply to Companies House for its voluntary dissolution. There is no need to cease any service delivery while the transfer takes place so the process is relatively seamless.

What you need to send to Companies House

1. Complete a DS01 Form guidance is [available here](#)
2. IF REQUIRED complete a CIC53 Form
3. A cheque for £10 made payable to Companies House

Please note the CIC will not be fully dissolved until the notice is placed in the Edinburgh edition of the Gazette. This notice will then appear in the Companies House record for the CIC which will confirm the strike off from the register.