

APPLYING FOR COMMUNITY INTEREST COMPANY STATUS

There are currently 757 Community Interest Companies that are registered as Scotland based with the CIC Regulator. Organisations can only use the 'CIC' ending in their name once the Regulator has acknowledge registration with a Certificate of Incorporation.

The Office of the Regulator of Community Interest Companies makes the decision on whether an application is eligible to become or continue to be a CIC. The Regulator is responsible for investigating complaints, providing guidance and assisting in the set-up of CICs. The Regulator is an independent public office holder appointed by the Secretary of State for Business, Innovation and Skills.

CICs can either be incorporated to be Limited by Guarantee or Limited by Shares. In the Limited by Guarantee CIC, members (Directors) guarantee to meet any debts of the company up to a limited amount (usually £1) in the event of the company being wound up or failing. This guarantees that there will be no additional liability for directors. Traditionally a company limited by Guarantee is the most often used when setting up a not for profit organisation as there is no distribution of profits to individuals.

Limited by Shares CIC have a stated capital divided into a number of shares. The company can raise capital by selling shares to individuals or asset locked bodies (this has an impact on the articles adopted). It is possible for the CIC to pay a dividend to shareholders however it should be noted that if the CIC does choose to, that there is a Regulator imposed cap on payment. It should also be noted that unincorporated organisations cannot be shareholders. This model is often utilised by Charities as a trading arm where the charity is the sole shareholder, retaining full control over the trading arm.

What is required to Incorporate a CIC?

1. A fully completed INO1 "Application to Form a Company" Form
2. Memorandum and Articles of Association (model articles available for adoption)
3. A fully completed CIC 36 'CIC Test Form'
4. Payment of £12 online of £40 by post

The Community Interest Company Regulator's website www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies has a full set of guidance and all of the required forms to incorporate a CIC or made amendments to an existing CIC.

Charity Frequently Asked Questions

<i>Is there a registration fee?</i>	Yes. There is a fee if £12 online and £40 by post.
<i>How long does the application process take?</i>	Companies House aim to complete the process in 24 hours online and 8-10 days by post.
<i>Are there any restrictions when naming my CIC?</i>	Yes. A Company must not have the same or similar name to any other registered and must have Ltd or Limited at the end of its name.
<i>Who is eligible to be a Director?</i>	Anyone over the age of 16 with a UK address that has not been disqualified as a Director in the UK.
<i>What are the annual reporting requirements to the CIC Regulator?</i>	CICs require to submit a yearly updated CIC 34 Report Form and a Statement of Confirmation. CIC's must also provide annual accrued accounts made up to your accounting reference date. Information on filing accounts can be found here .
<i>Can a CIC employ a Director?</i>	Yes. Directors of CICs can be employed.