

COMMUNITY INTEREST COMPANY (CIC)

Community Interest Companies were established in the UK in 2005. Since then there has been a steady increase in the number of organisations choosing to incorporate as a CIC. Currently there are 757 registered CICs in Scotland, 6% of the total number registered in the UK. A CIC is a limited company which is established to provide public benefit to the community it has identified to serve. The CIC model differs from a traditional Limited Company due to the inclusion of an 'Asset Lock' in the Articles of Association. The inclusion of this clause ensures that any profit (after revenue costs) is reinvested back into the CIC, in addition the asset lock must also stipulate a similar organisation that will benefit from the assets of the organisation should the CIC be wound up. A CIC can be limited by Guarantee or can be limited by shares (*for more info on this and applying to companies house see 1.11 applying for CIC status*). The key characteristics of a CIC are detailed in the below table.

Key characteristics of a CIC	
<i>Is this legal structure incorporated?</i>	Yes.
<i>Can this legal structure be a charity?</i>	<u>No</u> a CIC cannot apply for Charitable Status.
<i>Who are the regulators?</i>	Community Interest Companies Regulator.
<i>What is the key legislation?</i>	The Companies Act 2006, the Companies (Audit, Investigations and Community Enterprise) act 2004 Part 2, Community Interest Company Regulations 2005.
<i>Is there a registration fee?</i>	Yes there is a registration fee of £12 to register online or a charge of £40 to register by post.
<i>What type of governing document is required</i>	Memorandum and Articles of Association
<i>What is the membership structure?</i>	There are no stipulated membership requirements for a CIC.
<i>What are the annual reporting requirements?</i>	CICs require to submit a yearly updated CIC 34 Report Form and a Statement of Confirmation.
<i>What are the accounting requirements?</i>	CIC's must provide annual accrued accounts made up to your accounting reference date.
<i>Are there any specific duties or requirements?</i>	<p>A CIC must be able to prove annually to the Regulator that the Community Benefits stipulated in the initial application for CIC status are still being met, this is shown through the return of the CIC 36 form. It should be noted that It is at the CIC regulators discretion to choose not to renew CIC status.</p> <p>A CIC must name an organisation with similar aims and objectives in the asset lock which stipulates that on wind up of the organisation assets will be transferred to the named organisation.</p>