

ANNEX H

ABBREVIATIONS, DEFINITIONS AND REFERENCES

This Chapter is intended to provide short explanations of some of the terms and abbreviations used in these guidance notes and indicate where fuller information is given. This should not be taken as a full statement of the law.

ASSET LOCK

The provisions in the Act and Regulations that ensure the assets of CIC are used for the benefit of the community [Chapter 6.1]

ASSET-LOCKED BODY

A charity (under the law of England and Wales or Scotland), a CIC or a body established outside Great Britain which is equivalent to either.

BIS

Department for Business Innovation and Skills

CA2006 OR THE COMPANIES ACTS

The Companies Act 2006 as amended and subsequent Companies Acts [Chapter 1.2]

CAICE

The Companies (Audit, Investigations and Community Enterprise Act) 2004: the Act, which introduced CICs

CAP

A limit imposed on the amount of certain payments such as dividends and loan or debenture interest [Chapters 6.2 & 6.3]

CH

This abbreviation is used both for Companies House and the Registrar of Companies

CIC

Community Interest Company

CIC NAMES

A CIC must have a name ending with one of the prescribed designations.

For public companies these are “community interest public limited company” or “community interest p.l.c.”

For private companies, “community interest company” or “c.i.c.”

Companies with a registered office in Wales may use prescribed Welsh alternatives [Chapter 2.8]

COMMUNITY

The people who are intended to benefit from the activities of a CIC [Chapter 2.3]

COMMUNITY INTEREST TEST

A company satisfies the community interest test if a reasonable person might consider that its activities are being carried on for the benefit of the community, or a section of the community (as defined in the Act and the Regulations) [Chapter 4.4].

COMPANY

A body formed under the Companies Acts, which has a separate legal existence from its members [see Chapter 3.1].

COMPANY LIMITED BY GUARANTEE, COMPANY LIMITED BY SHARES

The two most common forms of limited company: [Chapters 3.2 and 3.3].

COMPANY LAW

CA2006 together with subordinate legislation and other statute and common law relating to companies

COMPANIES HOUSE

The office of the Registrar of Companies; an executive agency of the the Department for Business Innovation and Skills (BIS) [Chapter 4.5]

CONSTITUTION / CONSTITUTIONAL PROVISIONS

See Memorandum and Articles below.

DIRECTORS

Those appointed by the members to manage a company

DIVIDEND

An amount paid to the shareholders out of the profits of a company as a return on their investment [Chapter 6.2]

EXCLUDED COMPANY

A company barred from being a CIC by the Regulations – essentially political parties, political pressure groups and their subsidiaries [Chapter 2.7]

MEMBERS

The people, or bodies, who own or control a company, such as, shareholders and guarantors.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The fundamental constitutional documents of a company, sometimes referred to as its “constitution”. [Chapter 5.1]

PUBLIC LIMITED COMPANY (PLC)

A company whose shares may be freely traded – e.g. on a stock exchange or by private agreement [Chapter 3.3]

PRIVATE LIMITED COMPANY

A company whose shares may be issued or sold only according to legal restrictions and its own Memorandum and Articles [Part 3]

REGISTERED OFFICE

Every company formed under the Companies Acts must have a registered office at which it can be contacted. On incorporation it must inform Companies House where the Registered Office is to be (England and Wales, or Wales, Scotland or Northern Ireland): this determines the company’s domicile or jurisdiction for legal purposes.

REGISTRAR (OF COMPANIES)

Statutory official responsible for registration of companies and maintaining the public records relating to companies. There are separate, but linked, registries, and Registrars, for companies registered in England and Wales, Scotland and Northern Ireland. The Registrar of Companies for England and Wales is the Chief Executive of Companies House Agency.

REGULATOR

The Regulator of Community Interest Companies

THE REGULATIONS

The Community Interest Company Regulations 2005

SHAREHOLDERS

People who invest in a company by buying shares

SHARE

A unit of investment in a limited company: for example a company may have a capital of £1,000 divided into 1,000 shares of £1 each.

Once a share has been paid for in full the holder has no further liability for the debts of a limited liability company. You should therefore take care when purchasing shares to establish whether they are fully paid.

SECRETARY OF STATE

Ministerial Head of a government department - in this context the Secretary of State for Business Innovation and Skills.