Chapter 10: TRANSFER OF ASSETS AND CEASING TO BE A CIC - Contents

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10.1. Transfer of assets to another asset locked body

As explained in Chapter 6 the asset lock is designed to ensure that the assets of a community interest company are used to benefit the community it was set up to serve and in particular to prevent assets being transferred out of the CIC other than for full consideration. "Community" is defined by the Act and Regulations and is discussed in Chapter 2.

The exception to this rule is where the transfer is to an asset-locked body then there is no additional constraint on the payment of dividends, or donations, provided that:

- The Regulator has consented to the transfer; or
- The asset-locked body concerned is named as a possible recipient of the company's assets in its articles of association.

Dividends will be subject to the dividend cap if shares are:

- Not held by an asset-locked body, or
- They are held by an asset-locked body not specified in the articles of association, as a possible recipient of the CIC's assets, and the Regulator has not consented to the payment of the dividend (see Chapter 6).

An asset locked body is currently defined as a charity, another CIC, a permitted industrial and provident society, or an equivalent organisation set up outside the United Kingdom. A specified asset-locked body is one that is specified in the articles of association as a possible recipient of the CIC's assets.

10.1.1. How to specify an asset-locked body

To name a specified asset locked body you may either:

- Name a possible recipient of the company's assets in the articles of association when applying to form as, or convert to, a community interest company; or
- You may deliver to the Registrar of Companies a special resolution passed by the members altering the articles of association to include the name of an asset-locked body (see annex A).

10.1.2. Transfers to a non-specified asset-locked body

In the event of a CIC wanting to transfer some of its activities to another asset-locked body, the officers of the CIC have a duty to ensure that they are acting in the best

interests of the CIC. Such a transfer may involve a considerable commercial asset and full consideration (market value) must be attained for any transfer of activity unless:

- The Regulator has consented to the transfer; or

- The asset-locked body concerned is named, as a possible recipient of the company's assets in its articles of association.

If a CIC wants to transfer all its activities, the same rules, as outlined in the previous paragraph, apply. Disposal of the assets in this way does not result in the company ceasing to be a CIC or bring the existence of the company to an end; this can only be achieved by dissolution.

A CIC, in common with any other company, has a duty to meet its financial obligations. If a company disposes of its assets and ceases its operation it becomes a dormant company and remains subject to continuing obligations to file documents with the appropriate Registrar of Companies. It must still have a director; this is fully explained in the Companies House booklet "Life of a Company – Part 1 Annual requirements". If a CIC wants to cease operation and be dissolved there are procedures to do so (see chapter 10.4).

Similarly, if the CIC becomes insolvent (unable, or likely to become unable, to pay their debts) it may be wound-up under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989. For the special rules applying to the distribution of any assets remaining after payment of the company's creditors in such cases, see Chapter 10.3.

10.1.3. Other transfers for the benefit of the community

The asset lock provisions, which are prescribed for inclusion in every CIC's articles, permit transfers of assets other than for full consideration which, are "made for the benefit of the community other than by way of a transfer of assets to an asset-locked body". It is difficult to generalise about such transfers, since the question of whether or not a particular transfer is made for the benefit of the community will generally depend on the facts of each particular case. Examples of such transfers might include the uses, which a local authority that has established a CIC makes of the surpluses which it generates. On the other hand, any transfer that results in assets being beneficially owned by private individuals is unlikely to qualify.

A transfer that is not made to an asset locked body, or for full consideration, either is, or is not, made for the benefit of the community. The Regulator is happy to offer guidance about proposed transfers of this kind on the understanding that the provision of such guidance, or other advice given by the Regulator or her office, should not be seen as a substitution for professional advice[1]. Compliance, or otherwise, with the asset lock rules remains the responsibility of the CIC. Directors of CICs considering whether to make such a transfer may wish to consider seeking independent legal advice before taking action. In any event, such transfers must be disclosed in a company's CIC report.

[1] October 2008, updated to clarify the role of the Regulator.

10.2. Conversion of a CIC to a charity

10.2.1. Documents to be delivered to the Registrar of Companies

The conversion of a CIC into a charitable company is provided for in sections 54 and 55 of the Companies (Audit, Investigations and Community Enterprise) Act 2004.
The following documents must be submitted to the Registrar of Companies:

- Special resolutions to:
  - state that it is to cease to be a community interest company;
  - altering its articles of association;
    - as considered appropriate to a company with exclusively charitable purposes;
    - to remove the statement that the company is a community interest company; and
  - to change the name to one that does not have a CIC designation.

- A statement by either:
    - The Charity Commission, that in its opinion, if the proposed changes take effect the company will be an English charity and will not be an exempt charity;
    - The Scottish Charity Regulator, that if the proposed changes take effect the company will be entered into the Scottish Charity Register; or
    - The Commissioners of Her Majesty's Revenue and Customs that the company has claimed exemption under section 505(1) of the Income and corporation Taxes Act 1988 (for Northern Ireland).

  The Registrar cannot register the special resolutions without this statement, therefore, it is essential that it is requested and obtained, before proceeding with the proposed conversion.

- A printed copy of the articles of association, as proposed to be amended.

- A cheque for £10 made out to "Companies House".

  There is no Companies House fee for the conversation, but there is a £10 fee to change the name of the company.

10.2.2. Timing for passing special resolutions

As with conversions of existing companies to CICs there are detailed safeguards in section 54 to allow dissenting members to object to the conversion and a time table for filing the resolutions, which enables them to do so.

The Company House booklet "Life of a Company – Part 2 Event Driven Requirements GP3" explains the requirements for passing resolutions. Detailed procedures for holding meetings of members and passing resolutions will be included in the existing articles of the company. Briefly, to pass a special resolution 21 days notice must be given to the members and a majority of three fourths of members voting at the meeting is required.

The resolutions must be printed in a form approved by the Registrars and must be delivered to the appropriate Registrars in Cardiff, Edinburgh or Belfast (see chapter 4), together with a copy of the reprinted articles incorporating the alterations made by the resolutions.

It is possible (even if the necessary special resolutions are passed) that some dissenting members may be sufficiently aggrieved at the decision to convert to a charity that they will take legal action. This could, for example, be on the grounds that they have been unfairly prejudiced as a result of the reduction in their rights to dividends, or other distributions, resulting from conversion from CIC status. Depending on the view taken by the Court, such action could undermine the conversion project. It may therefore be useful to informally canvas member's views on the conversion, or take legal advice, before incurring the expense of the formal process.

The possibility of legal action being taken by minority shareholders also has some specific consequences for the timing of the conversion process, which are relevant in all cases. Unless a company's articles specifically restrict the objects of a company, its objects are unrestricted – i.e. the purposes for which they have been formed. In some cases these are very detailed; in other cases, they are drafted in very general terms (e.g. "to operate as a general commercial company"). CICs are not required to adopt any particular provisions in the object clauses of their articles, but when converting a CIC to a charitable company, you may wish to change its objects in some way.

In order to protect the interests of minority shareholders (in the case of a CIC limited by shares) and members (in the case of a CIC limited by guarantee), where special resolutions have been passed or made with a view to the company ceasing to be a community interest company, shareholders or members have the right to apply to the Court within 28 days after the date on which the resolutions are passed or made for the special resolutions to be cancelled. If such an application is made to the Court, the special resolutions do not take effect except in so far as the Court confirms it (See section 54, 54A & 54B of the Companies (Audit, Investigations and Community Enterprise) Act 2004,.

The time for filing the resolutions etc therefore varies as follows:

- Where no application has been made to the court for the cancellation of the special resolution(s) because there was not the required number of dissenting members (see section 54A(1)of the Companies (Audit, Investigation and Community Enterprise) Act 2004, within 15 days after the passing or making of the resolutions.

- Where no application has been made to the court for the cancellation of the special resolution(s) the end of the period for making such applications i.e. not earlier than 29 days or later than 44 days of passing the resolutions.

- Where an application is made to the Court, not later than 15 days after the date on which the Court determines the application or such later date as the Court may order.

Converting a CIC to a charitable company brings new constraints and obligations. Before proceeding you are recommended to take professional legal, or accountancy, advice on whether a limited company, in the form of a charity, is the best way to run your organisation.

10.2.3. The process of registration

On receipt of the resolutions, amended articles of association and appropriate statement the Registrar will refer them to the Regulator who must decide whether the company is eligible to cease being a CIC. The Regulator will make his decision having regard to the company's compliance with the requirements of sections 54, 54A, 54B, 54C and 55 of the Companies (Audit, Investigations and Community Enterprise) Act, and whether any enforcement action listed in section 55 is outstanding.

If the Regulator decides that the CIC is eligible to convert he will advise the Registrar who will issue a new certificate of incorporation in the new name. The special resolutions will then take effect, and the company will cease to be a CIC. The company will then become subject to Charity Commission, or Office of the Scottish Charity Regulator, or Commissioners of Her Majesty's Revenue and Customs' regulation and the directors of the company will have to apply for registration with the appropriate body. If the Regulator decides that the company is not eligible to convert he will advise the Registrar and the company of his reasons but before doing so he will attempt to resolve any problems with the company.

The Registrar will issue a new certificate of incorporation stating the charitable company's name after the Regulator has decided that it is eligible to cease being a community interest company (section 55 of the Companies (Audit, Investigations and Community Enterprise) Act 2004. On the issue of the certificate the changes in the company's name and articles take effect and the company ceases to be a community interest company.

It should be noted that the issue of a new certificate of incorporation does not have any effect on the made-up date for the company's annual return or the company's accounting reference date. All copies of the articles issued by the company after the resolutions take effect must be in the revised form submitted to the Registrar.

10.3. Conversion of a CIC to a permitted Industrial and Provident Society

10.3.1. The legislation

Under the provisions of section 56 of the Companies (Audit, Investigations and Community Enterprise) Act 2004, as amended by section 6A of the Community Interest company (Amendment) Regulations 2009, a community interest company may convert itself into a permitted industrial and provident society.

10.3.2. What is a permitted Industrial and Provident Society?

A "permitted industrial and provident society" means an industrial and provident society which has a restriction on the use of its assets in accordance with regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006([2]) or regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006([3]).

10.3.3. Documents to be delivered to the Registrar of Companies

1. To convert a CIC to a permitted industrial and provident society you will need to send the following to the Registrar of Companies:

    - A copy of a special resolution, to convert into a registered society which has a restriction on use of assets in accordance with the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006.

    - A copy of the rules of the society

    - A statement by the Authority that, in its opinion, if those rules take effect, the company will become a registered society which has a restriction on use of assets in accordance with the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006,

On receiving of the above documents, the Registrar of Companies must forward each of the documents to the Regulator.

2. The Regulator must decide whether the company is eligible to cease being a community interest company. The company is eligible to cease being a community interest company if none of the following applies—
    - the Regulator has under section 43 of the 2004 Act appointed an auditor to audit the company's annual accounts and the audit has not been completed,
    - civil proceedings instituted by the Regulator in the name of the company under section 44 of the 2004 Act have not been determined or discontinued,

([2]) S.I. 2006/264.
([3]) S.R. (NI) 2006 No 258.

- a director of the company holds office by virtue of an order under section 45 of the 2004 Act,
- a director of the company is suspended under section 46(3) of the 2004 Act,
- there is a manager in respect of the property and affairs of the company appointed under section 47 of the 2004 Act,
- the Official Property Holder holds property as trustee for the company,
- an order under section 48(2) or (3) of the 2004 Act is in force in relation to the company,
- a petition has been presented for the company to be wound up.

The Regulator must give notice of the decision to the company.

3. The Financial Service Authority ('the Authority') (or for Northern Ireland the Registrar of Industrial and Provident Societies) will register the community interest company as a registered society if the following conditions are met—
   - a copy of the resolution and a copy of the rules is delivered to the Authority or Registrar;
   - a copy of the decision of the Regulator that the company is eligible to cease being a community interest company is delivered to the Authority or Registrar;
   - the company has a restriction on use of assets in accordance with the provisions of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006.

   The Authority upon the registration of the society, will give to it, in addition to an acknowledgement of registration under section 2(3) of this Act, a certificate similarly sealed or signed that the rules of the society referred to in the resolution have been registered.

4. A copy of any such resolution, together with a copy of the notice of the decision issued by the Regulator and the certificate issued by the Authority will be sent to the Registrar of Companies and, upon his registering that resolution and certificate (but not the notice of the decision issued by the Regulator), the conversion shall take effect. Please refer to chapter 10 of the Regulator's guidance.

10.4. Liquidation and insolvency

Liquidation (also called winding up) and insolvency is a vast subject in itself and this chapter therefore only gives the briefest of outlines.

You should seek the advice of your accountant, lawyer, or an Insolvency Practitioner at an early stage if you are uncertain of your position, or the appropriate steps to take. In particular if your company is in financial difficulties you must take steps to deal with the problem, or the directors (or others) could subsequently be accused of criminal offences, or be subject to civil action, for example, for wrongful trading. You may find the following publications useful:

Insolvency Service's "A guide for Directors"

In the main the legislation covering this topic is contained in the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989, as amended. All the proceedings mentioned below are subject to detailed procedures. Most involve the appointment an Insolvency Practitioner and many are subject to applications to the Court.

10.4.1. Solvent companies (generally)

The fact that a company is subject to liquidation procedures does not necessarily mean that it is insolvent.

MEMBERS VOLUNTARY LIQUIDATION

If a solvent company wishes to wind up its affairs, the directors may make a statutory declaration that the company is able to pay its debts in full within 12 months. The members can then pass resolutions putting the company into voluntary liquidation and appointing an insolvency practitioner as liquidator. The liquidator will then usually realise the assets and distribute the proceeds according to law.

COMPULSORY LIQUIDATION
In certain circumstances a solvent company can be placed in compulsory liquidation (see below)

RECEIVERSHIP
In certain circumstances a solvent company can be subject to a receivership (see below)

10.4.2. Insolvent companies (generally)

There are a number of ways in dealing with companies which are unable (or likely to become unable) to pay their debts.

ADMINISTRATION

The directors, members or creditors of the company can apply to the Court for the appointment of an administrator to manage the company's affairs if the company is unable (or likely to become unable) to pay its debts.

The appointment effectively stops other proceedings against the company with a view to saving it as a going concern in whole or part. This gives the company time to introduce a voluntary arrangement, or some other compromise, or arrangement, or get a better price for its assets than would be likely in a liquidation.

VOLUNTARY ARRANGEMENT
Depending upon circumstances the administrator, or liquidator, of a company, or its directors can propose a voluntary arrangement for approval by the creditors. This usually consists of a compromise whereby the creditors receive less than the full amount of their debts.

CREDITORS VOLUNTARY LIQUIDATION
This is similar to Members Voluntary Liquidation (above) except that the liquidator is appointed at a meeting of the creditors.

COMPULSORY LIQUIDATION
The creditors may apply to the Court for the company to be wound up on the ground that it is unable to pay its debts

On the making of a winding up order the Official Receiver becomes liquidator of the company and has a duty to investigate the CIC's affairs and the cause of the failure. An Insolvency Practitioner may subsequently be appointed liquidator in place of the Official Receiver. The liquidator will usually realise the assets and distribute the proceeds according to law.

There are no Official Receivers in Scotland and on making a winding up order the Court will appoint an Insolvency Practitioner as interim liquidator who will hold office until such time as another Insolvency Practitioner is appointed liquidator.

There are, however, a number of other circumstances in which the Court can make a winding up order, which may or may not involve insolvency. Various people can apply to the Court for an order such as the company its directors or members, the Secretary of State, the Official Receiver, the Financial Services Authority and in the case of a CIC the Regulator [see the Insolvency Act 1986 sections 124 &124A (or Articles 104 and 104A of the Insolvency (Northern Ireland) Order 1989) and Chapter 10.3]

10.4.3. Receivership

There are a variety of types of receivership each with their own procedures and rules as to their inter-relationship with other proceedings. A receiver is usually appointed by a person with a charge, or mortgage, on some or all of the assets of the company and (unlike a liquidator) a receiver acts essentially in the interest of the person who appointed them rather than the creditors as a whole.

10.4.4. CIC specific rules on distribution of assets

In general the Companies (Audit, Investigations and Community Enterprise) Act 2004 and the Community Interest Company Regulations 2005 do not interfere with the normal proceedings, outlined above.

There is, however, one major exception. The exception, provided for in regulation 23, is where some of the company's property remains after satisfaction of the company's liabilities (including the cost of proceedings). Normally, these residual assets would be distributed to the members according to their rights under the company constitution. However, in the case of a community interest company the legislation limits distribution to members, who may not receive more than the paid up value of their shares (i.e. what was paid to the company in respect of their shares, including both the nominal value of the share and any premium paid to the company).

Once any distribution to members has been made in accordance with this rule, any remaining residual assets of a CIC are to be distributed as follows:

- Where the articles of association specify an asset-locked body the remaining residual assets will be distributed to that asset-locked body (or bodies) in such proportions or amounts, as the Regulator shall direct.

- Where the articles of association do not specify an asset-locked body the remaining residual assets will be distributed to such asset locked body (or bodies), in such proportions or amounts, as the Regulator shall direct.

- Where the Regulator is aware that asset-locked body specified in the articles of association is being wound up, or receives representations from a member, or director, of the CIC stating that it is not an appropriate recipient of the remaining residual assets and the Regulator agrees with those representations, then the remaining residual assets will be distributed to such asset locked body (or bodies), in such proportions or amounts, as the Regulator shall direct.

When considering issuing such a direction the Regulator must:

- consult the directors and members of the CIC to the extent he considers practical and appropriate to do so;

- have regard to the desirability of distributing assets in accordance with any relevant provisions of the company's articles; and

- give notice of any direction to the CIC and liquidator

Any member or director of the company may appeal to the Appeal Officer against any direction outlined above (See Chapter 11 for the Appeal procedure).

Although in most cases these procedures will result in the cessation, or reduction, of the company's activities they do not bring the existence of the company to an end. This only occurs on dissolution (see Chapter 10.4).

Proceedings can also be sequential, for example, the liquidator may propose a voluntary arrangement instead of realising the assets and distributing the proceeds.

In most proceedings the Official Receiver or Insolvency Practitioner has to make a report to the Secretary of State under the Company Directors Disqualification Act 1986 (or the Company Directors Disqualification (Northern Ireland) Order 2002) on the conduct of the Directors. If misconduct is reported this could result in an application being made to the Court for an order disqualifying particular directors from being directors or taking part in the management of companies. Similarly, if it appears that criminal offences may have been committed the facts will be reported to the appropriate prosecuting authority for further investigation.

Responsibility for insolvency matters rests with the Insolvency Service; an executive agency of the Department for Business, Innovation and Skills (BIS). They can be contacted at:

Inspector General Insolvency Service 21 Bloomsbury Street London WC1B 3QW Telephone: 0845 602 9848 E-mail: central.enquiryline@insolvency.gsi.gov.uk Website: www.insolvency.gov.uk	Insolvency Service Address: Fermanagh House Ormeau Avenue Belfast BT2 6NJ Telephone: 028 902 51441 Email: insolvency@detini.gov.uk Website: www.detini.gov.uk

10.5. Strike off and dissolution of a community interest company

Under section 53 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 a CIC is only allowed to cease being a CIC by dissolution or by converting to a charity, which means that once a company has become a CIC it cannot become an ordinary non charitable company.

Dissolution is fully explained in the Companies House booklet "Strike-off, Dissolution and Restoration". There are a number of different routes to dissolution, each with their own rules and procedures. A company may be struck off the register and dissolved if:

- it has applied to the Registrar to be struck off; or
- the Registrar concludes that it is not carrying on business or in operation – a defunct company.

You will find the relevant law in the Companies Act 2006, Section 1003 - 1009. If the company is to remain on the register, it is important to reply promptly to any formal inquiry letter from the Registrar and to deliver any outstanding documents. Failure to deliver the necessary documents may also result in the directors being prosecuted. If you do not object to the dissolution it is still important that you ensure that the company has dealt appropriately with all its assets before it is dissolved.

10.5.1. Defunct community interest companies

Before the Registrar strikes a company off the register, he must inquire whether it is still in business or operation. If he is satisfied that it is not, he will publish a notice in the London Gazette that he intends to strike the company off. A copy notice is placed on the company's public record. The Registrar will take into account representations from the company and other interested parties such as creditors.

Community interest companies are subject to a statutory asset lock (see Chapter 6) and if a CIC has assets, it should be wound up, or dissolved, in such a way that those assets can be used for appropriate community purposes, rather than simply passing to the Crown or the Duchy of Cornwall or Lancaster as "bona vacantia".

The Regulator may write to the CIC drawing attention to the fact that a CIC must not transfer its assets for less than full consideration, except as provided by the legislation. The letter will point out that if the CIC intends to transfer of assets other than for full consideration to a non-specified asset-locked body then the consent of the Regulator is required. A "Return Reply" and a form CIC53 will be enclosed with the letter. This information will be used to help the Regulator to decide whether or not to object to the striking off of the CIC[4].

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[4] October 2008 changed to clarify the action taken by the Regulator on receipt of a form 652A.

Once any objections are removed and if he sees no reason to do otherwise, the Registrar will strike the company off not less than three months after the date of the notice. The company will be dissolved on publication of a further notice stating this in the Gazette. Dissolution by this procedure does not affect the liability (if any) of any director, manager or member of the CIC, which may continue to be enforced as if it had not been dissolved.

At the date of dissolution the CIC should hold no assets. If it did, any assets held by the dissolved CIC would belong to the Crown. The company's bank account would be frozen and any credit balance in the account will be passed to the Crown or the Duchy of Cornwall or Lancaster as "bona vacantia".

Depending on the value of the assets the Regulator may consider petitioning the court to restore the CIC to the register to ensure the assets are distributed more appropriately.

10.5.2. Voluntary strike-off and dissolution of community interest companies

A private company that is not trading may apply to the Registrar to be struck off the register. It can do this if the company is no longer needed. For example, the active directors may wish to retire and there is no-one to take over from them; or it is a subsidiary whose name is no longer needed; or it was set up to exploit an idea that turned out not to be feasible.

The procedure is not an alternative to formal insolvency proceedings where these are appropriate, as creditors are likely to prevent the striking off. Even if the company is struck off and dissolved, creditors and others could apply for it to be restored to the register.

A private company can apply to be struck off if, in the previous three months, it has not:

- Traded or otherwise carried on business;
- Changed its name;
- For value, disposed of property or rights that, immediately before it ceased to be in business or trade, it held for disposal or gain in the normal course of its business or trade (for example, a company in business to sell apples could not continue selling apples during that three-month period but it could sell the truck it once used to deliver the apples or the warehouse where they were stored);
- Engaged in any other activity except one necessary or expedient for making a striking-off application, settling the company's affairs or meeting a statutory requirement (for example, a company may seek professional advice on the application, pay the costs of copying the Form DS01, etc).

However, a company can apply for striking off if:

- It has settled trading or business debts in the previous three months.

A company cannot apply to be struck of if it is the subject, or proposed subject, of:

- Of any insolvency proceedings (such as liquidation, including where a petition has been presented but has not yet been dealt with); or
- Of Section 895 of the Companies Act 2006 scheme **-** that is a compromise or arrangement between a company and its creditors or members.

A copy of the application form must be sent to the Regulator to comply with the requirements of section 1006(1) of the Companies Act 2006.

The Registrar will advertise and invite objections to the proposed striking-off in the London Gazette. Objections must be in writing and sent to the Registrar of Companies with any supporting evidence, such as copies of invoices that may prove the company is trading. Reasons for objecting include:

- The company has broken any of the conditions of its application (for example, it has traded, changed its name or become subject to insolvency proceedings) during the three-month period before the application, or afterwards;
- The directors have not informed interested parties;
- Any of the declarations on the form are false;
- Some form of action is being taken, or is pending, to recover any money owed (such as a winding-up petition or action in a small claims court);
- Other legal action is being taken against the company;
- The directors have wrongfully traded or committed a tax fraud or some other offence.

Community interest companies are subject to a statutory asset lock (see Chapter 6) and if a CIC has assets, it should be wound up or dissolved in such a way that those assets can be used for appropriate community purposes, rather than simply passing to the Crown or the Duchy of Cornwall or Lancaster as “bona vacantia”.

The Regulator will write to the CIC drawing attention to the fact that a CIC must not transfer its assets for less than full consideration, except as provided by the legislation. The letter will point out that if the CIC intends to transfer of assets other than for full consideration to a non-specified asset locked body then the consent of the Regulator is required. A “Return Reply” and a form CIC53 will be enclosed with the letter. This information will be used to help the Regulator to decide whether, or not, to object to the striking off of the CIC[5].

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[5] October 2008 changed to clarify the action taken by the Regulator on receipt of a form 652A.

Once any objections are removed and if he sees no reason to do otherwise, the Registrar will strike the company off the register not less than three months after the date of this notice if he sees no reason to do otherwise and the application has not been withdrawn. The company will be dissolved when the Registrar publishes a notice to that effect in the Gazette. (At the time of striking-off, a letter will be issued to the contact name on Form DS01 confirming the proposed date of dissolution.)

Having struck the company off the register the Registrar publishes a notice to that effect in the appropriate Gazette and the company is thereupon dissolved. At the date of dissolution the CIC should hold no assets. If it did then any assets held by the dissolved CIC would belong to the Crown or the Duchy of Cornwall or Lancaster as "bona vacantia". The company's bank account will be frozen and any credit balance in the account will be passed to the Crown or the Duchy of Cornwall or Lancaster as "bona vacantia". Depending on the value of the assets the Regulator may consider petitioning the court to restore the CIC to the register to ensure the assets are distributed more appropriately.

The Company Law Official Notifications Supplement to the London Gazette publishes weekly notices on microfiche. Copies are available from:
The London Gazette,
PO Box 7923,
London SE1 5ZH .
Website: www.gazettes-online.co.uk
Telephone: 020 7394 4517

10.5.3. Restoration

Once a company has been dissolved it can only be restored to the register (or the dissolution declared void) by order of the Court. The companies' legislation prescribes by whom and on what grounds an application can be made. The Companies (Audit, Investigations and Community Enterprise) Act 2004 specifically provides for the Regulator to be able to make such applications. If therefore you become aware of circumstances which suggest that such an application should be made you should draw them to the attention of the Regulator.

The following guidance booklet provided by the Registrar of Companies provides more detailed guidance:

The Companies House Booklet: Strike Off, Dissolution and Restoration