



Department for
Business, Energy
& Industrial Strategy

Office of the Regulator of Community
Interest Companies: Information and
guidance notes

Annex B: Abbreviations,
definitions and references

MAY 2016

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. For most entries a cross reference to the main Part or Chapter dealing with the item is included in square brackets “[]”.

1986 Order

The Companies (Northern Ireland) Order 1986, as amended.

Asset Lock

The provisions in the Act and Regulations that ensure the assets of Community Interest Company (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.

BEIS

Department for Business, Energy & Industrial Strategy

Bona Vacantia

"Bona Vacantia" literally means vacant goods and is the legal name for ownerless property that passes to the Crown. The office of the Bona Vacantia administers the estates of persons who die intestate without known kin and collect the assets of dissolved companies and failed trusts.

CA85 or the Companies Acts

The Companies Act 1985 as amended and subsequent Companies Acts [Chapter 1.2].

CAICE

The Companies (Audit, Investigation 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].

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

Companies Act 2006 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 Department for Business, Energy & Industrial Strategy (BEIS) [Chapter 4.5].

Constitution/ Constitutional Provisions

See Model Constitutions for Community Interest Companies.

Corporate Governance

The framework of rules and practices by which a board of directors ensures accountability, fairness and transparency in a company's relationship with all its stakeholders such as customers, financiers, management, employees and the community.

CH

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

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].

HMRC

HM Revenue & Customs also known as the Inland Revenue

Lien

In law, a lien is a form of security interest granted over an item of property to secure the payment of a debt or performance of some other obligation. The owner of the property, who grants the lien, is referred to as the *lienor* and the person who has the benefit of the lien is referred to as the *lienee*.

Listed company

Company whose shares are listed (quoted) on a stock exchange for public trading. Also called quoted company.

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.

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 and Scotland. The Registrar of Companies for England and Wales is the Chief Executive of Companies House Agency.

Regulator

The Regulator of Community Interest Companies

Secretary of State

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

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.

Shareholders

People who invest in a company by buying shares

Stakeholder

A person, group or organization that has interest or concern in an organization. Stakeholders can affect or be affected by the organization's actions, objectives and policies. Some examples of key stakeholders are the community from which the business is providing benefit too, its directors, creditors, suppliers etc.

Statutory Obligation

Obligation that does not arise from a contractual relationship but created under law.

The Regulations

The Community Interest Company Regulations 2005 and the Community interest Company (Amendment Regulations) 20



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