

The process of forming a community interest company for social enterprise

Once you have an agreed constitution - which for a company is called 'the Articles of Association' - the process of forming a Community Interest Company is fairly straightforward. Companies House, the government department that deals with company registration and administration, publishes a booklet called Company Formation which describes the process, and which is available free by post or can be downloaded from www.companieshouse.gov.uk.

In addition to the Articles you will also need at least 3 forms to register the Community Interest Company - known as the **Memorandum of Association** and **Company Forms IN01 and CIC36**. The Memorandum is a standard form usually prepared with the Articles, and the other forms can easily be downloaded from the Companies House website.

The following are the steps you need to take to form the company:

1. Decide on the name for your company. This must end in the words 'Community Interest Company' or the abbreviation 'CIC' (you must choose one or the other of these and use it consistently throughout the Memorandum and Articles and Forms IN01 and CIC36). Note that there are some words you cannot use in company names, or for which you need permission. Again you can download a free leaflet called Company Names from the Companies House website explaining all this.
2. Check that the name is available. First check the name online at the Companies House website - just click through to the 'WebCheck' area and type your proposed name in the box. The search engine will take you through to the relevant part of the companies register. If the name is already on the register you will have to think again. Although only a slight variation may be required for company registration purposes, there are other legal risks around using a name that is very similar to another organisation - whether they are a company or some other kind of body such as a partnership. It is therefore wise in addition to the company register to look in other directories - one easy way is to type your proposed name into the 'yellow pages' search engine at www.yell.com.
3. Decide on at least one person - preferably 2 people - who will be the first director(s). You will need their personal details (names, addresses, dates of birth, etc). We do not recommend more than 2 directors at this stage - it is easier to appoint the other directors (if any) once the CIC is registered.
4. Decide whether you want to have a company secretary - *if in doubt, do not have one one at this stage* - you can always appoint one later if and when required.
5. Decide on the 'registered office' and get the full address. If you do not yet have premises it is quite usual to use some other convenient location for the registered office such as the home address of one of the directors. The main consideration is that it is a safe and convenient place to receive important letters.
6. Print the finalised version of the Articles, and the Memorandum, including now your company name, and sign the Memorandum. The 'subscriber(s)' who sign the Memorandum will be the company's first members, and we advise only 2 people to do this - further members can be admitted as soon as the company registration is complete, but it is usually inconvenient for a large group to sign at the registration stage.

If the CIC is to be a subsidiary of an already established company – ie. if the established company is to be the only member of the new CIC – an authorised signatory such as the Chair must sign for and on behalf of the organisation.

If the company is a share company the subscribers must also agree to take at least one share each – this is specified in the Memorandum.

7. Fill in **Form IN01** - this is where you need the personal details of the first director(s) and secretary (if any) and also the registered office address. Make sure you read the notes on Form IN01 and fill it in accurately. Note especially:
 - ∞ *if the officers (directors and secretary) do not wish their home addresses to be available to the public, you have the option of giving a 'service address' as well – which can be the company's registered office*
 - ∞ *the form gives the option of appointing 'corporate officers' (directors or secretaries that are themselves companies) – note though that you have to have at least one director who is a real person (in the legal jargon, a 'natural person' as opposed to a 'legal person')*
 - ∞ *in addition to these officer positions you will also need the details of the subscriber(s) for Parts 3-5 of the form - and their signatures at the end of Part 5*
 - ∞ *you do not need to tick Section A3 even though your company name will end in 'CIC' or 'Community Interest Company' rather than 'Limited' etc*
 - ∞ *in Section A4 tick either 'Private limited by guarantee' or 'Private limited by shares' – whichever applies*
 - ∞ *in Section A5 tick your location as appropriate (tick 'England and Wales' if there is any possibility that you might move between the two)*
 - ∞ *in Section A7 tick Option 3*
 - ∞ *do not tick Section A8 – unless you have discussed 'restricted articles' in some detail there won't be any - other than those required by the CIC Regulations (and this section does not refer to these)*
 - ∞ *complete Part 3 if yours is a Share CIC **OR** Part 4 if it's a Guarantee CIC; complete Part 5 in both cases.*
8. Fill in Form CIC36. Note that an example completed form is available from the CIC Regulator's website: www.cicregulator.gov.uk/forms. The first directors (who signed Form IN01) also sign and date Form CIC36.
9. Photocopy all of the signed documents - this is important as you will have to pay to get copies once they go off to Companies House.
10. Send all of the documents along with a cheque for the registration fee (currently £35) to Companies House (in Cardiff if the registered office is to be in England or Wales, or Edinburgh if in Scotland - the addresses are on the Forms - or again just look at the website, where indeed it might be wise to check the current registration fee anyway as it does change from time to time).
11. In a couple of weeks you should receive back your registration certificate and the CIC is formally in existence. You'll also receive further information about what to do next in terms of running the company.

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