
STATUTORY INSTRUMENTS

2005 No. 1788

The Community Interest Company Regulations 2005

PART 6

Restrictions on distributions and interest

Declaration of dividends

17.—(1) A relevant company may declare a dividend to its members only —

- (a) to the extent that its memorandum and articles permit it to do so;
- (b) if an ordinary or special resolution of the company's members has approved the declaration of the dividend; and
- (c) if the declaration of the dividend does not cause —
 - (i) the total amount of dividend declared on any of the company's shares for the financial year for which it is declared to exceed the maximum dividend per share for that financial year; or
 - (ii) the total amount of all the dividends declared on shares in the relevant company for the financial year for which it is declared to exceed the maximum aggregate dividend for that financial year.

(2) Paragraph (1)(c) does not apply to a dividend if, or to the extent that, it is an exempt dividend.

(3) A dividend declared on a share in a relevant company is an exempt dividend if one of the conditions specified in paragraph (4) and one of the conditions specified in paragraph (5) is satisfied in respect of it.

(4) The conditions specified in this paragraph are—

- (a) that the dividend is declared on a share which is held by an asset-locked body (but this condition is not satisfied in respect of a share which the directors recommending the dividend are aware is being held on trust for a person who is not an asset-locked body);
- (b) that the dividend is declared on a share which is held on behalf of an asset-locked body (or is believed by the directors recommending the dividend to be so held).

(5) The conditions specified in this paragraph are—

- (a) that the Regulator has consented to the declaration of the dividend;
- (b) that the asset-locked body by or on behalf of which the share on which the dividend is declared is held (or on behalf of which the directors declaring the dividend believe that it is held) is named in the memorandum or articles of the company as a possible recipient of the assets of the company.

(6) If a relevant company has made the substitutions prescribed in regulation 9(2), references to “asset-locked body” in this article shall have effect as if there were substituted for them references to “charitable body”, with the meaning prescribed in regulation 9(1).