

SCHEDULE 3

ALTERNATIVE PROVISIONS PRESCRIBED FOR THE MEMORANDUM OR ARTICLES OF A COMMUNITY INTEREST COMPANY LIMITED BY SHARES, OR LIMITED BY GUARANTEE WITH A SHARE CAPITAL

- 1.—(1) The company shall not transfer any of its assets other than for full consideration.
- (2) Provided the conditions in sub-paragraph (3) are satisfied, sub-paragraph (1) shall not apply to—
 - (a) the transfer of assets to any specified asset-locked body, or (with the consent of the Regulator) to any other asset-locked body;
 - (b) the transfer of assets made for the benefit of the community other than by way of a transfer of assets to an asset-locked body;
 - (c) the payment of dividends in respect of shares in the company;
 - (d) the distribution of assets on a winding up;
 - (e) payments on the redemption or purchase of the company’s own shares;
 - (f) payments on the reduction of share capital; and
 - (g) the extinguishing or reduction of the liability of members in respect of share capital not paid up on the reduction of share capital.
- (3) The conditions are that the transfer of assets—
 - (a) must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in the memorandum or articles of the company; and
 - (b) must not exceed any limits imposed by, or by virtue of, Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004.
- (4) In this paragraph—
 - (a) “asset-locked body” means—
 - (i) a community interest company, charity or Scottish charity; or
 - (ii) a body established outside Great Britain that is equivalent to any of those persons;
 - (b) “community” is to be construed in accordance with section 35(5) of the Companies (Audit, Investigations and Community Enterprise) Act 2004;
 - (c) “charity” (except in the phrase “Scottish charity”) has the meaning given by section 96 of the Charities Act 1993;
 - (d) “the Regulator” means the Regulator of Community Interest Companies;
 - (e) “Scottish charity” has the meaning given by section 1(7) of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990;
 - (f) “specified” means specified in the memorandum or articles of association of the company for the purposes of this paragraph; and
 - (g) “transfer” includes every description of disposition, payment, release or distribution, and the creation or extinction of an estate or interest in, or a right over, any property.