

Community Interest Companies



An overview of CICs

CICs are a new type of limited company for people wishing to establish businesses which trade with a social purpose (social enterprises), or to carry on other activities for the benefit of the community.

Many social enterprises and community organisations are already incorporated as companies (usually limited by guarantee), while others, such as co-operatives, take the form of registered societies. Many operate less formal legal structures, for example, with assets held on their behalf by trustees.

The CIC is a valuable addition to these forms and particularly suitable for those who wish to work within the relative freedom of the familiar limited company framework without either the private profit motive or charity status. They are more flexible than some other legal forms and there are a variety of capital structures available to meet the needs of members and the organisation.

The CIC has proven attractive to a wide range of individuals and organisations wishing to participate in social enterprises. CICs are a useful vehicle for enterprises of all sizes from a small community care project to a large organisation providing international fair-trade type distribution systems for the benefit of overseas producers.

CICs are a useful legal form for holding local assets such as community halls and facilities, as well as for trading in a conventional sense through the provision of goods and services, either directly to the public and organisations or through contracts with service providers.

Although the same body cannot be both a CIC and a charity, a CIC may well be a useful way of operating trading activity for a charity, such as, a charity shop. It could be established in such a way that it could pass some, or all, of its profits to the charity to finance its charitable activities

Benefiting the community is what CICs are all about and providing that they can pass the community interest test there are very few restrictions on the purposes for which a CIC can be used.

The concept of community is important to understand as it can have a wide range of meanings from the population as a whole to a section of the community, such as the residents of a particular area or a group of people suffering from a particular disadvantage. A CIC cannot be used solely for the financial advantage of a group of people, for political purposes, or for the benefit of the employees, directors or members of a single organisation.