

## CIC Governance

A **Community Interest Company (CIC)** is a form of limited company that may be limited by **shares** or **guarantee**. However, **Suffolk Community Foundation (SCF)** can only accept applications from CICs that are **limited by guarantee**.

A CIC operates like a standard limited company, with directors overseeing its activities, but its purpose must benefit the **community**, not generate profit for members. The concept of community 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.

If directors are also the only members, they must act collectively, share responsibility, and comply with collective decisions—even if they personally disagree. CIC directors can be paid a salary which is treated as an employee's wage for tax purposes.

Therefore, to be eligible for SCF funding, a CIC must:

- Be limited by guarantee
- Have at least three unrelated directors
- Evidence that **no single director** has excessive control (i.e., no individual holds 50% or more of voting rights; has the power to appoint/remove directors; or is listed as a Person with Significant Control (PSC) with Companies House)

Your **governing documents** must demonstrate:

- A clear **social purpose**
- That profits are not distributed
- A **minimum of three directors**, with no PSCs registered with Companies House
- A **quorum of at least three directors** for meetings
- An **asset lock** to ensure remaining assets go to a similar organisation upon closure (if you have not nominated an asset lock body within your articles of association, you will need the regulators consent to transfer any residual assets)

**Trading:** Your enterprise should be generating income through **trading or contracts** (or planning to). Grants are generally not awarded for core running costs unless an income stream is already established.

**Accounts:** You must provide annual accounts showing:

- All income sources, including traded income, grants, and donations. If this is not clearly shown, extra information will be required.
- Show defined expenditure for the past 12 months.
- Note any SCF funding as a restricted grant.

You may also need to disclose:

- The number of **directors who are paid employees**
- The **salary levels** of paid directors
- Your last CIC34 Annual CIC Report

### Further reading:

[Ready, Set, Governance!](#)

[GOV.UK advice about identifying people with significant control \(PSC\)](#)

[GOV.UK Community Interest Company Guidance](#)