

HARLOW SCRUM CLUB CIC

Harlow Scrum Club CIC is a Community Interest Company (a CIC).

A CIC is a UK limited company designed primarily to benefit the community by pursuing social objectives, rather than simply private profit for shareholders. A CIC must always include an “asset lock”, whereby all the assets and profits of the CIC are to be used to further its objectives, and not to reward the shareholders or members.

A CIC operates in the same way as other limited liability companies, so it has a separate legal identity to its members, and it enters into contracts and owns assets in its own name.

As there is no intention to pay dividends or to return capital to investors, Harlow Scrum Club CIC has been set up as a company limited by guarantee, rather than as a company limited by shares. The Model Constitution adopted provides for the company to be owned by its members, and to be under the control of its members, but with members delegating most of the decision making within the company to its directors. Members nonetheless retain a significant role in relation to the overall governance of the CIC.

Harlow Scrum Club CIC has adopted not for profit Articles, and as such cannot return by way of dividends or capital monies to investors. Directors can be paid for out of pocket expenses, and, subject to member approval, directors can be paid a reasonable and appropriate salary provided such is in keeping with the objectives of the CIC. There is no present intention that directors should be remunerated.

A fundamental feature of a CIC is the “asset lock” whereby the assets of the company cannot be used for private gain, and must only be used for the stated purposes of the CIC. The asset lock clause is designed to ensure that the assets of the CIC, including any profits or other surpluses generated by its activities, are used exclusively for the benefit of the community in accordance with the CIC Constitution.

In the event that Harlow Scrum Club CIC should for any reason cease to trade or be wound up, then its Constitution provides that its assets are then to be passed to Harlow Rugby Union Football Club Limited, which of course is itself a Registered Society. This has been approved by the Regulator.

It is envisaged that funds will initially be raised by way of membership subscription, and membership is open to all, including existing members of the Rugby Club. Further funds will be raised through fundraising activities as agreed by the members from time to time.

The intention is that all funds raised will be applied to the benefit of Harlow Rugby Union Football Club. The directors of the CIC will liaise with Club management with regard to the application of funds, but will not be bound by the views of the Club management, and will be entitled to allocate the funds according to their own decision, with the backing of the membership. It is intended that funds will be hypothecated, so that if they are raised for a specific purpose, they will be used for that purpose and for that purpose alone, and will not simply be part of the general funds of the Club.

The accounting requirements for a CIC are the same as those for an ordinary limited company, and accounts must be filed on an annual basis. In addition and importantly, the directors of the CIC have an obligation to prepare an annual CIC Report, to be filed with the accounts, the purpose of the CIC Report being to show that the CIC is still satisfying the Community Interest test. In this way there is full transparency in relation to the income and outgoings of the CIC.

The initial intention is that the founding members of the CIC will act as directors, but without remuneration, and reimbursement only for reasonable out of pocket expenses agreed by the members. The costs of establishing the CIC, including statutory fees paid to Companies House have been dealt with separately and will not be for the account of the CIC.

Whiskers LLP

3rd October 2025