

Lecture Series No 44

B Com 2nd Part

Accounting & Finance Honours Paper III
(Business Regulatory Framework)

By Dr Kailash Kumar Choudhary
Dept of Commerce, R N College,
Pandaul, mob 930411277



Unit Iv- (Companies Act,2013)
Topic – Memorandum of Association
Lecture - VI



My Dear Students,

In previous class of Unit IV of Business Regulatory Framework I have discussed about Formation of Company . Today I will share my view about the Memorandum of Association of Company. This is the important topic for examination point of view .

Memorandum of Association

Memorandum of Association is a document of the company which provides a lot of information about the company . It contains name registered office , objects and capital of the company as well as limit of liability of the members of the company . It is signed by the subscribers who on registration become the first members of the company.

According to Sec. 2(56) of Indian Company Act,2013, “ Memorandum means the Memorandum of Association of a company as originally framed or as altered from time to time in pursuance of any previous companies laws or of the Companies Act .”

Contents of Memorandum of Association

The first step in the formation of a company is to prepare Memorandum of Association . It shall contain the following clauses :

- I. Name Clause
- II. Registered office clause
- III. Object clause
- IV. Liability clause
- V, Capital clause
- VI. Subscription clause

Distinction between Memorandum & Articles

Basis of Distinct	Memorandum of Association	Articles of Association
1. Meaning	The memorandum of association is the charter of a company which defines the fundamental conditions upon which alone the company is allowed to be incorporated.	Articles of association is a document which contains the rules and regulations for management of internal affairs of a company.
2. Importance	It is a fundamental document and required to be framed by every company.	It is supplementary document.
3. Contents	Memorandum contains many important information about a company including the name, place of registered office, capital, liability of members etc	3. It includes rules and regulations for management of internal affairs of the company .

Distinction between Memorandum & Articles

Basis of Distinct	Memorandum of Association	Articles of Association
4. Purpose	The purpose of memorandum is to state the objects for which the company has been established	The purpose of article is to provide the manner in which the company's objects are to be carried out.
5. Alteration	Memorandum can be altered by special resolution and sometimes also with the permission of Central Government.	Articles can be altered by a special resolution passed in the general meeting of the company.
6. Necessity	It is required for registration of company	Except a private company, no company is compulsorily required to frame its articles,

Distinction between Memorandum & Articles

Basis of Distinct	Memorandum of Association	Articles of Association
7. Basis of relations	Memorandum generally defines the relation between the company and the outsiders.	Articles defines the relationship between the company and member s.
8. Compliance of provision	A memorandum is prepared by complying with the provision of the companies Act .	It is framed by complying with provision of both the memorandum and the companies Act.
9. Dominant and Subordinate	It is a dominant document which cannot be controlled by the articles.	It is a subordinate document to the Memorandum. These can be controlled and modified by provision of memorandum.

THANKS

DR K K CHOUDHARY