

Memorandum of Association

Dr. Sukhpreet Kaur Chawla
Assistant Professor
Durga Mahavidyalya
Commerce Department

Memorandum of Association

Memorandum of Association is a legal document that explains why the organization was founded. It establishes the company's authority and the terms under which it works. It is a manual that includes all of a company's laws and regulations for its interactions with the outside world.

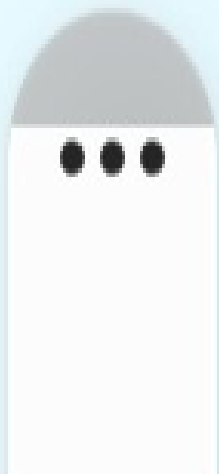
Clauses of the Memorandum of Association:

1. Name Clause
2. Registered Office Clause
3. Object Clause
4. Liability Clause
5. Capital Clause

Memorandum of Association - Clauses



- ✓ Name Clause
- ✓ Registered Office Clause
- ✓ Object Clause
- ✓ Liability Clause
- ✓ Capital Clause



1. NAME CLAUSE

This section determines the company's name. The company's name should not be the same as that of another business. Even, since it is a private entity, the term "Private Limited" should be included at the top.

In the case of a public corporation, the term "Limited" should be added to the end of its name.

2. REGISTERED OFFICE CLAUSE

The name of the state in which the company's registered office is located is specified in this clause. This aids in determining the Registrar of Companies' authority.

Within 30 days of the company's incorporation or commencement, the company must notify the Registrar of Companies of the site of its registered office.

3.OBJECT CLAUSE

This clause specifies the purpose for which the corporation was formed. The following three subcategories can be included under the objectives:

Main Objective – States the main business of the company

Incidental Objective – These are the objects that aren't directly related to the company's core goals.

Other objectives – Any other goals that the organization may achieve that aren't covered in (a) and (b) above (b)

4. LIABILITY CLAUSE

It specifies the company's members' responsibility. In an unrestricted company, the members' liability is unlimited, while in a company limited by shares, the members' liability is limited by the balance outstanding on their share.

The members' responsibility in a corporation limited by guarantee is limited by the amount each partner has agreed to pay.

5. CAPITAL CLAUSE

This provision specifies the overall amount of capital that a corporation can obtain, also known as the authorized/nominal capital.

This also illustrates how such a large sum of money is divided into a set number of shares.