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## **MEMORANDUM OF ASSOCIATION**

Memorandum of association is a public document, and every person who deals with the company is presumed to have a sufficient knowledge of its contents and provisions.

Memorandum of Association is one of the basic documents of the company.

- It is known as charter of the company.
- It sets out the limits outside which company cannot go.
- Memorandum of Association defines the constitution of the company.
- It contains the fundamental conditions upon which a company is registered.

### **Definition of Memorandum of Association Under Article [2(1)(22)]**

Memorandum of Association of a company as originally framed for time to time change in provisions of any previous companies Act or of this Ordinance.

## **PURPOSE OF MEMORANDUM OF ASSOCIATION**

Shareholder can find out the purpose for which his money is going to be used by the company and what risk he is taking in making the investment.

- Memorandum of Association is the constitution of a company.
- It is the charter which defines the limitations of the power of a company established under law.
- It contains the fundamental conditions under which company must be incorporated.
- It determines the powers, objects and limits of the company.
- It is the foundation on which the structure of the company is based.
- It states that the company can not go beyond its Memorandum.
- It enables the shareholders to know what is the permitted range of enterprise.
- It regulates the external affairs of the company

## **Requirements of Memorandum of Association**

### **Section 19-**

- Memorandum must be printed
- It should be divided into paragraphs
- Each paragraph should be consecutively (serially) numbered
- It should be signed by the required number of subscribers (where as, in case of public company , private company )
- Subscriber must sign in the presence of at least one witness.
- Signature of each subscriber must be attested by witness.
- Every subscriber must add his address, description and occupation.
- Witness should write his address,description and occupation
- Memorandum must be stamped.

## **NAME CLAUSE( SEC 20)**

States the name of the company

- A company being a legal person must have a name to establish its identity- symbol of its personal existence.
- The Memorandum shall state the name of the company with the word, (Limited or Private limited)

## **REGISTERD OFFICE**

- Registered office clause is also known as domicile clause.
- Uner the following clause the part of country is mentioned in which the registered office of the company is to be situated.

## **OBJECT CLAUSE**

Object clause is the major portion of the Memorandum of Association, it contains-

- Main object which company will undertake in the future.
- States to which the objects extend, if the objects of the company are not contained in one state.
- As the company cannot go beyond the objects mentioned in its Memorandum so any objects that company can undertake in future should also be includes in the object clause.

## **LIABILITY CLAUSE**

This clause defines the extent of the liability of each member it states,-

- Liability of member is limited
- Liability of member is unlimited or limited to the guarantee given by each member.

## **CAPITAL CLAUSE**

The capital clause is applicable for the company which has some share capital. It mentions,

- Amount of authorized capital with which the company gets registered.
- The number of shares of the company.
- Also the nominal value of each share

## **SUBSCRIPTION CLAUSE**

This clause provides that-

- Memorandum of Association has to be subscribed by at least 7 person in public company and 2 person in private company.
- Those who have agreed to subscribe to the memorandum must signify their willingness to associate and form of a company.
- The Memorandum of company limited by shares and company limited by guarantee, each shall contain different statements.