

Memorandum of association & Articles of association

Memorandum of association

The memorandum of association of a UK company sets out the company's name, the proposed location of its registered office (i.e. 'England and Wales', 'Wales' or 'Scotland') in the UK, the objects of the company, a statement regarding the liability of its members and details of its share capital, if any, (or in the case of a UK company limited by guarantee, the amount which members will contribute in a winding up). Also, in the case of a UK company having a share capital, the memorandum must show the name of each initial member/shareholder (also called 'subscribers') and the number of shares each takes.

Articles of association

The articles of association (often just called 'articles') of a UK company contain the rules for its internal regulation and management. The articles deal with such things as meeting procedure, powers of directors, members' rights, procedure for paying dividends, winding up etc.

The articles can often be quite lengthy (for example they could typically comprise over 100 numbered paragraphs spanning, say 30 pages). However, the UK Companies Act 1985 contains a mechanism intended to simplify the task of preparing articles of association - various standard articles of association documents have been enacted. These are contained in regulations made under the Act - The Companies (Tables A to F) Regulations 1985.

The most commonly used of these standard articles of association documents is known as 'Table A' (which is intended for use in the case of companies limited by shares). Table A may, if desired by the person(s) forming the company, be incorporated by reference (in whole or in part) into the company's own articles, thereby reducing the length of the document to be prepared.

Every UK company limited by shares (which is a far more common type of company than the company limited by guarantee or the unlimited company) is deemed to have articles of association in the form of Table A except in so far as articles are registered (i.e. lodged at Companies House) which exclude or modify Table A - section 8 of the Companies Act 1985.

It is common for UK companies to adopt the provisions of Table A in a modified format as experience has shown that Table A is rarely ideal in its unmodified form.

Source: UK Corporator