



# RAMA UNIVERSITY

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**FACULTY OF COMMERCE &  
MANAGEMENT**

**COURSE: BBA-DM 2<sup>nd</sup> SEMESTER**

**SUBJECT: BUSINESS ENVIRONMENT**

**SUBJECT CODE: BBA204**

**LECTURE: 20**

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# Lecture-20



## Unit II

### Documentation (MOA, AOA)

Memorandum of Association (**MOA**) is a document that contains all the fundamental data which are required for the **company** incorporation. Articles of Association (**AOA**) is a document containing all the rules and regulations that govern the **company**.

The step of Memorandum of Association (MOA) and Articles of Association (AOA) comes in when you wish to take your business as a separate entity and register it as a private or public limited or if you are incorporating it.

#### Memorandum of Association (MOA)

The MOA is considered as the supreme document of the Company. The MOA has to be drafted very carefully as the AOA also has to comply with MOA. Moreover, the Company cannot go against anything that is mentioned in the MOA. The Memorandum of Association (MOA) has the following information in it:

1. Name Clause – Name of the registered entity (Business/Company name)
2. Registered Office Clause – Registered office address
3. Object Clause – Aims and objectives of the Company
4. The Association Clause – Information about its first shareholders and number of shares allocated to each of them
5. The Capital Clause – Share capital, minimum paid-up capital, etc
6. The Liability Clause – Clause about its limited liability. State the liability of each member

#### Articles of Association (AOA)

The Articles of Association (AOA) is to draft the rules and regulations that the company has to follow and the layout of the internal management of the Company.

Moreover, AOA should be drafted in such a way that it should not violate anything that is mentioned in the MOA. The AOA sets the structure under which the Company is to be administered. The following are the points that are to be described in the AOA:

1. Allocation of shares and the manner that how shares have to be handled
2. Voting rights of members
3. List of Intellectual Property Rights
4. Procedure to elect the Chairman and his voting rights
5. List of Directors, including first of directors or directors for life, their appointment, remuneration, qualifications, powers, and proceedings of Board of Directors' meetings
6. Dividends and reserves (Dividing the profits)
7. Alteration in Capital
8. General Meetings and proceeding at General Meetings
9. Board of Directors and their powers
10. How accounts and Audits will be managed
11. Borrowing Powers
12. How the Company can be dissolved

AOA is the next important document after the MOA.

Thus, review your Board Meeting Minutes immediately after the meeting. When your board meeting minutes are complete and finish, make sure to distribute it to board members as soon as possible.

Once the members approve minutes by vote during the board meeting, they become part of the official record of the organization.

Further, It's important to keep copy of all minutes in one place.

#### Difference between MoA and AoA

	<b>MoA</b>	<b>AoA</b>
1.	Defines the constitution of a company.	A set of rule and regulations governing the

	<b>MoA</b>	<b>AoA</b>
		company's working.
2.	Defines the objectives, powers and constraints of the organization.	Describe powers, duties, rights and liabilities of individuals associated with the organization.
3.	Six clauses are mandatory.	Its drafting is as per the requirements of the organization.
4.	It is a mandatory document for all the companies.	Can opt for Table A instead of AoA in public limited company by shares.
5.	Filing at the time of company registration.	Filing at the time of company registration is optional.
6.	A supreme legal document for company and subordinate to Companies Act.	A subordinate to the MoA.
7.	A dominant document that helps drafting AoA.	Any article in this document that contradicts to the MoA is considered null and void.
8.	Cannot be amended with retrospective effect.	Can be amended retrospectively.
9.	Section 2 (28) of the Companies Act 1956 defines it.	Section 2 (2) of the Companies Act 1956 defines it.
10.	It is subordinate to the Companies Act.	Subordinate to the Companies Act, as well as is memorandum.
11.	Defines the objectives of a company.	Defines regulations with which the company will achieve objectives defined in MOA.