



## **FACULTY OF JURIDICAL SCIENCES**

**Course : B.A.LL.B./BBALL.B IInd Semester**

**SUBJECT: COMPANY LAW**  
**SUBJECT CODE: BAL 406/BBL 406**

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**FACULTY OF JURIDICAL SCIENCES**



## ***LECTURE-11***

### **1. Articles of Association**

#### **(a) Articles Generally:**

The articles govern the internal management and organisation of the company.

The articles are secondary to the memorandum - if there is conflict between the articles and the memorandum, the memorandum prevails. **Re Duncan Gilmore & Co Ltd.**

Companies (Tables A - F) Regulations provides a model set of articles for a company limited by shares. A company has three options:

- i. It may adopt Table A in full.
- ii. It may adopt Table A with modifications.
- iii. It can exclude Table A entirely and write its own articles. (Table A has existed in various forms since 1862 - a company which adopts

Table A will be bound by the Table A existing at the time it was incorporated, not a later version). Articles must be:

(i) Printed

(ii) Set out in numbered paragraphs

(iii) Signed by the subscribers to the memorandum

(b) **Alteration of Articles CA** - articles can be altered by special resolution, which must be notified to the Registrar of Companies within 15 days.

Any provision in the articles which would have the effect of making them unalterable is void.

There are certain restrictions on the company's power to alter its articles:

(i) Express Statutory Restrictions s.16 - cannot alter articles to increase a member's liability without his consent.

s.369(1) sets out notice periods for calling meetings and states this cannot be

shortened by a provision in the articles.

**(ii) General Law and Public Policy:**

A provision in the articles which is contrary to public policy is void. **St Johnstone Football Club Ltd v SFA.**

The same would apply to any provision which was inconsistent with the companies legislation.

**(iii) Court Order:**

Certain sections of the Act give the court power to order that no alteration be made to the articles.

**(iv) Memorandum:**

An alteration to the articles which conflicts with the memorandum would be effectively void.

**(v) Improper Use of Power to Alter Articles:**

The Power to alter the articles must be

exercised bona fide for the benefit of the company as a whole.

A member cannot challenge an alteration carried out in good faith for the benefit of the company, even if the alteration adversely affects his own rights.

**Allen v Gold Reefs of West Africa Ltd and Greenhalgh v Arderne Cinemas Ltd.**

The courts will usually allow the alteration, but have sometimes found that it is not bona fide for the benefit of the company as a whole: **Brown v British Abrasive Wheel and Dafen Tinplate Co Ltd v Llanelly Steel Co.**

## MCQs

1. An alteration to the articles which conflicts with the memorandum would be effectively void.

- i. True
- ii. False
- iii. Can not say
- iv. None of the above

2. The articles govern the internal management and organisation of the company.

- i. True
- ii. False
- iii. Can not say
- iv. None of the above

3. The articles are secondary to the memorandum - if there is conflict between the articles and the memorandum, the memorandum prevails.

- i. True
- ii. False

- iii. Can not say
- iv. None of the above

4. There are certain restrictions on the company's power to alter its articles under Statutory Restrictions cannot alter articles to increase a member's liability without his consent.

- i. True
- ii. False
- iii. Can not say
- iv. None of the above

5. A member cannot challenge an alteration carried out in good faith for the benefit of the company, even if the alteration adversely affects his own rights.

- i. True
- ii. False
- iii. Can not say
- iv. None of the above





