



## The Importance of Articles of Association

In this article, our Corporate and Commercial department explore Articles of Association (“Articles”) and considers their importance and why having up to date Articles will benefit a limited company.

### What are Articles?

Every company must have a set of Articles, whether these are model Articles or amended Articles. Limited companies incorporated prior to 1<sup>st</sup> October 2009 will have likely adopted Table A Articles under the Companies Act 1985, whereas companies incorporated after 1<sup>st</sup> October 2009 will likely be governed by the model articles of association which prescribe to the Companies Act 2006.

Articles are a public document which are open to inspection by the public and filed with Companies House.

### Why are Articles important?

Articles are a constitutional document of a company and regulate the internal affairs of a company and form a statutory contract between each member and the company. The Articles set out how internal affairs and tasks will be dealt with, including:

- Company name,
- Shareholder meetings,
- How to appoint a director,
- Powers and duties of directors,
- Dividends.

The Articles must be followed as they are a legally binding document. Generally, standard articles of association will suit many businesses. However, they can be amended to reflect the needs of and requirements of the company.

### Why should I review and update my Articles?

Every company is different and will likely be set up with different organisational structures and follow various procedures. A company’s Articles may not be fit for purpose and could as a result be ineffective and cumbersome. It is therefore in these cases necessary to amend a company’s Articles to remove inconsistencies and simplify all decision-making processes.

Updating Articles can be an opportunity for you to review, amend and improve the rules and process that regulate your business. If you would like to update your Articles or would like them to be reviewed ensuring that they are fit for purpose, contact us at [newenquires-coco@chadlaw.co.uk](mailto:newenquires-coco@chadlaw.co.uk) for assistance.

**For more information about how we can help you please contact:**