

Shares and Shareholders

What is a Share?

A share is a portion of the company which belongs to a shareholder in exchange for his financial contribution towards the company's share capital. A share may be fully or partially paid up.

By paying for the shares, an investor is buying partial ownership of a company. A shareholder can be an individual, a company or a limited liability partnership.

Types of Shares

A company may issue different types of shares for various reasons. Common reasons include:

- Keeping the control of the company to certain individuals.
- Offering shares with preferential dividend rights to encourage investment.
- Having different entitlements to company funds in the event the company winds up.
- Accommodating the varied needs and preferences of different investors.

Ordinary Shares – the most common type

Ordinary shares are the most common type of shares. They typically carry voting rights and will receive dividends after shareholders who own preference shares have received their dividends. Companies may divide their ordinary shares into different classes (e.g. "A" and "B") with different rights attached to each class.

Read our [guide](#) on shares for more information about share types, transfer and allotment of shares etc.

Note: The above guide is intended to provide broad guidance. As it avoids legal language wherever possible, it might contain some generalisations about the applications of the law. Professional advice should be sought on how the relevant laws may apply to your specific case or circumstances.

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