***Week one lesson***

***Subject: Commerce***

***Topic: Limited Companies***

***Class: SS2***

***Subtopic: Shares***

***Meaning of shares:*** A share can be defined as the individual portion of the company's capital owned by a shareholder. It is the interest which a shareholder has in a company. Share Certificate: A share certificate is an evidence of share allotment to a shareholder. It is also states the number of shares allotted to its holder and shows the Nominal value of each share and the category or class of shares and the rights that accrue to each of them.

***CLASSES OF SHARES***

***Preference shares***: preference share is the type of shares which has priority in terms of dividend payment and repayment of capital in the event of winding up. They have a fixed rate of dividends. Preference shares are classified into: cumulative, participating, redeemable preference shares, and non-cumulative, non-participating preference shares.

***Ordinary Shares***: Ordinary shares is also known as equities. The ordinary shareholders are the real owners of the business. The holders are the risk bearers and they receive their dividends after all other shares have been paid. They can vote and be voted for. They have no fixed rate of dividend. Ordinary shares can be divided into: Deferred or founders' shares and preferred ordinary shares.

***STOCK AND DEBENTURES***: Stock can be defined as the bundle of shares or mass of capital which can be transferred in fractional amount.

***DEBENTURES***: A debenture is a bond, acknowledging a loan, generally under the company's seal and bearing a fixed rate of interest, and usually giving security for the repayment of the loan and the payment of the interest. Kinds of Debentures:

(1). Mortgage Debentures

(2). Simple or naked debenture

(3). Redeemable debenture

(4). Irredeemable debenture.

***MERGER***: Merger is the coming together or amalgamation of two or more firms to form one new company. The old firm will lose its identity and the new company will emerge with a new name.

***ASSIGNMENT***:

(1). State five rights of shareholders.

(2). Discuss any five ways companies can raise capital.

(3). List and explain five types of merger.

(4). Write short notes on the following: (a) promoter (b). Liquidation or winding up (c). Dividend warrant (d). Underwriting shares. (5). State five factors that could lead to the dissolution of a limited liability company.

Source: Pst. Smart Okwara. Date of submission: Friday 22nd May. Submit to my WhatsApp page: 08062433021.