



## MEMO

To: Board of Directors  
From: Company Secretary  
Subject: **RECEIPT FOR SHARE PURCHASE**

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I find it most unusual, because I have never been asked the question before, but can understand that it might be perfectly reasonable for the buyer ('transferee') of the company's 1,000 shares in ABC Limited to also ask for a receipt from us for the \$20,000 he has paid us (as 'transferor').

Normally, when you buy a share you sign a Share Transfer Form which evidences the amount paid and your 'receipt' is the handing over of the share certificate (or other evidence of ownership such as a holding statement).

However, as far as I am aware, I can see no reason why the transferor could not give the transferee a 'normal' receipt for the amount of money paid to him, if the transferee wants one (I think that's no different to when you buy a gadget at a shop and they hand you the gadget plus a receipt for the money paid).

This action, of course, bears no relationship to the value and/or original issue price of the share - which are totally different matters to the price agreed and paid between a transferor and transferee for a share in a company.

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### **DISCLAIMER**

*The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.*

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