Gore-Browne on Companies

The following example seeks to explain the unique value of *Gore-Browne on Companies* to the legal practitioner.

**Question**

What does it mean when the articles of association state that a dividend be distributed to shareholders ‘in proportion to their shares’?

This type of question ideally requires commentary that combines an understanding of the legislation relating to dividends with an insightful interpretation of specific wording used in a particular context (in this case in the articles of association).

**Locating the Answer**

Browsing online would take the user to *Part VI, Share Capital* containing *Chapter 25, Dividends*, in particular the section on *Mode of Distribution of Profits, 25[17]* (using the *Table of Contents* menu on the left-hand side of the screen).

Alternatively, a free text search in Library, perhaps searching for *dividends AND 'proportion to their shares'* leads directly to the relevant paragraphs.

**Quality of Answer**

The relevant paragraphs are as follows:

Dividends (including interim dividends\(^\text{10}\)) can only be paid in cash, unless there are words authorising payment by the issue of shares or debentures in the company fully or partly paid up (ie, capitalisation), or the distribution among the members of assets (as, for instance, shares in other companies) in specie.\(^\text{11}\)

If the articles are silent as to the distribution of profit, or declare that it shall be divided among the shareholders ‘in proportion to their shares’, the division must be made, in accordance with, not the amount paid up on the shares, but the nominal amount of the shares, so that a shareholder whose shares are fully paid up gets no more per share than one whose shares are only partly paid up.\(^\text{12}\) However, s 581 of the Companies Act 2006 authorises companies, if authorised by their articles, to pay dividends in proportion to the amount paid up on the shares, where a larger amount is paid up on some shares than others.

\(^\text{10}\) *North Sydney Brick & Tile Co Ltd v Darvall* (1988) 14 ACLR 474, SC (NSW).

\(^\text{11}\) *Wood v Odessa Waterworks Co Ltd* (1889) 42 ChD 645; *Hoole v Great Western Railway Co* (1867) 3 Ch App 262; *Industrial Equity Ltd v Blackburn* (1977) 137 CLR 567 at 562 (payment of...
some dividends only in kind); and see the Companies (Model Articles) Regulations 2008 and Table A, art 105.

12  \textit{Oakbank Oil Co v Crum} (1882) \textit{8 App Cas 65}, HL.

The inherent quality of the material here is notable within the significant amount of information presented in relatively few words, and the way in which the material states the key rule or principle followed by the relevant exceptions to that rule in a highly structured and lucid way. The user is presented with a response to his query in a notably distinctive ‘question and answer’ style. The footnotes, even in such a small selection, offer comprehensive references to cases, legislation and regulation. In summary, the answer to complex queries is quick to find, and easy to digest.

The key features of \textit{Gore-Browne on Companies} are as follows:

- Clear, comprehensive and authoritative commentary providing practical answers.
- A clear, logical structure which guarantees ease of use.
- Regular updates which assist your awareness of new case-law, practice developments and changes in legislation, as well as the yearly Gore-Browne Special Release containing feature articles and case digest compendium.

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