

WHAT IS A CASH SHELL?

- A shell is usually a company with a stockmarket quote but no active business. That can be because it has never been able to put into practice the business model with which it floated or because its original business has failed to thrive and/or been disposed.
- Quoted shell companies, which are often described as 'investment companies', offer an existing public market quotation and a ready made shareholder base, which can save some costs if you move your business into one (known as a 'reverse takeover').
- The shares issued by the shell to the ongoing business give the latter and its owners control of the merged company. As a result, it is no longer a shell.
- Maintaining a quote costs money in fees and compels you to keep shareholders informed of significant events, but it can also provide you with a valuation for your company to do deals and enhance your market credibility.