

Quicken - Handling Share Purchase Plans

Aim

The aim of this paper is show how Share Purchase Plans are recorded in Quicken.

Versions

This paper was written using Quicken 2009. Procedures apply to most versions.

Background

Since the *Global Financial Crisis*, companies are increasingly turning to shareholders to raise capital via Share Purchase Plans (SPP).

The process often involves sending off a cheque for an amount up to \$15,000 and hoping for an allocation of shares. You don't know how many shares you will allocated, and often you won't even know the price that you will finally pay.

Example

To demonstrate the process, I will use the recent Share Purchase Plan by Graincorp Ltd (ASX code GNC). This is a fairly typical Share Purchase Plan. Interestingly, this Share Purchase Plan spans a financial year, so you can't just put the whole transaction through on the allotment date.

Details of the plan were as follows:

- Offer to purchase between \$2,500 and \$15,000 of shares;
- Price of lesser of \$6.25 and Volume Weighted Average Price of 5 days up to Closing Date of 29 June 2009.
- Allotment Date of 8 July 2009.

The plan was significantly oversubscribed, so the allotment was scaled back for small shareholders (under \$100 shares). The allotment price was \$6.25.

So, for our example.

- Initial holding is 80 shares;
- Application made on 26th June for \$15000 worth of shares, Paid via BPAY
- Allotment scaled back to \$7,600 (1216 shares @ \$6.25)
- Refund of \$7,400 banked 12th July 2009.

PROCESS

Step 1 - Create Account to Record the Application Payment

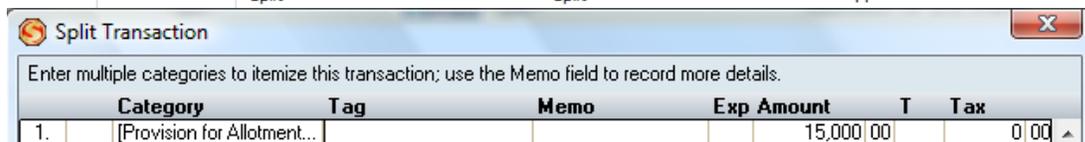
When you send away your payment, you need to record this as an asset. The first thing that you need to do is create an account to record the asset.

- Business > Business Accounts > Add Account
- Select Asset
- Name this Account = Provision for Allotment of Shares > Next
- Do you want to track tax in this account = No > Next
- Currency = Australian Dollar > Next
- Leave Date as is and Value = 0 > Done

Step 2 - Record the Application Payment

- Record the payment from the Cheque Account Register, using the above account.

Date ▲	Num	Payee	Category	Tag	Memo	Payment
						Exp
26/06/2009	BPay	Graincorp Ltd	--Split--	--Split--	Application for GNC Shares	15,000 00



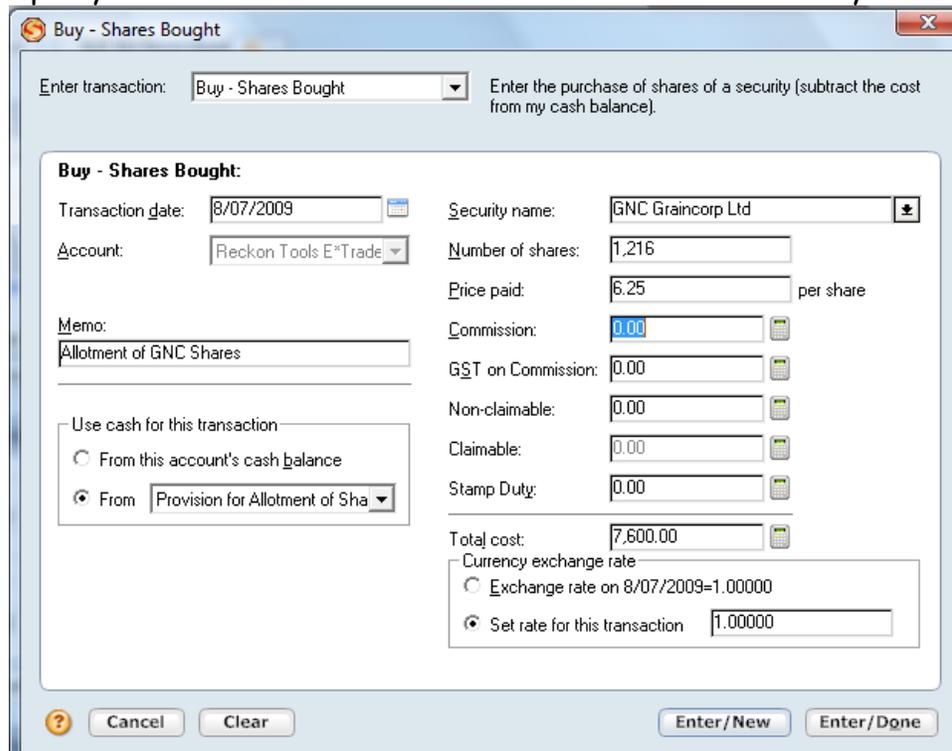
Split Transaction

Enter multiple categories to itemize this transaction; use the Memo field to record more details.

Category	Tag	Memo	Exp Amount	T	Tax
1.	[Provision for Allotment...]		15,000 00		0 00

Step 3 - Record the Allotment

- Open your Investment Account > Enter Transactions > Buy Shares.



Buy - Shares Bought

Enter transaction: Buy - Shares Bought

Enter the purchase of shares of a security (subtract the cost from my cash balance).

Buy - Shares Bought:

Transaction date: 8/07/2009

Account: Reckon Tools E*Trade

Memo: Allotment of GNC Shares

Security name: GNC Graincorp Ltd

Number of shares: 1,216

Price paid: 6.25 per share

Commission: 0.00

GST on Commission: 0.00

Non-claimable: 0.00

Claimable: 0.00

Stamp Duty: 0.00

Total cost: 7,600.00

Currency exchange rate

Exchange rate on 8/07/2009=1.00000

Set rate for this transaction 1.00000

Use cash for this transaction

From this account's cash balance

From Provision for Allotment of Sha

Buttons: Cancel, Clear, Enter/New, Enter/Done

Note that I have used the Provision for Allocation of Shares as the source of funds for the purchase.

The transaction looks like this in the Investment Register.

Date ▲	Action	Security	Description	Inv Amt	Cash Amt	Cash Bal
8/07/2009	XIn		[Provision for Allotment of Shares]		+7,600.00	7,600.00
8/07/2009	BoughtX	GNC Graincorp Ltd	1,216 shares of GNC Graincorp Ltd @ AU\$6.25	+7,600.00	Transfer	7,600.00

Finally, check the number of shares in the Portfolio (Investing > Portfolio > Doubleclick on GNC)

Holdings	
Shares Held	1,296
Market Value	8,100.00
Cost Basis	8,233.28
Gain	-133.28
% Gain	-1.62%

Note the total is 1296: Our initial 80 plus 1216 allotted.

Step 4 - Record the Refund

The final step is to record the refund. This is done from our Cheque Account via a Deposit. The source of funds is again the "Provision for Allotment of Shares" account.

Date ▲	Num	Paid By	Tag	Memo	Payment Exp	Clr	Deposit	Balance
12/07/2009	DEP	Graincorp Ltd			Payment			7,400 00
		--Split--	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> --Split--	Refund from Scaleback				

Split Transaction X

Enter multiple categories to itemize this transaction; use the Memo field to record more details.

Category	Tag	Memo	Exp Amount	T	Tax
1. [Provision for Allotment...]			7,400 00		0 00 ▲

Finally, ensure that you ensure that the Provision Account clears to a zero balance.

Date ▲	Ref	Payee	Tag	Memo	Decrease	Clr	Increase	Balance
26/06/2009		Graincorp Ltd					15,000 00	15,000 00
		[ANZ Cheque Account]						
8/07/2009		GNC Graincorp Ltd		Allotment of GNC Shares	7,600 00			7,400 00
		[Reckon Tools E*Trade]						
12/07/2009		Graincorp Ltd		Refund from Scaleback	7,400 00			0 00
		[ANZ Cheque Account]						

-- End --