

# Quicken – Recording Babcock & Brown (BBI) Recapitalisation

## Aim

The aim of this paper is show how to handle the BBI Babcock & Brown Infrastructure Group recapitalization and transition to PIH Prime Infrastructure Holdings Group shares. Thank you to Don from Melbourne for suggesting this topic.

## Versions

This paper was written using Quicken 2010. Procedures apply to most versions.

## Background

Shares in BBI were suspended from quotation on 9/11/09. The subsequent recapitalization saw a drastic dilution of shareholder value. Boiled down to the basics, shareholders got:

- A 15000:1 Capital Reduction in shares at record date of 16/12/09. So 15,000 BBI shares were converted into 1 BBI. These were then converted to PIH shares valued at \$5.08
- A \$0.04 capital distribution.

## Processing in Quicken

This process could normally be done in Quicken, via a Return of Capital and a Stock Split, however Quicken can only handle a 1000:1 split, not the 15000:1 required here.

For the purposes of this exercise, I am assuming that the original purchase was 30000 shares @ \$1 each plus \$38.50 transaction costs = \$30038.50

## Step 1 - Determine the Cost Basis of the Shares

Determine the cost basis of the shares via Reports > Investing > Cost Basis or from the Security Detail View.

Holdings	
Shares Held	30,000
Market Value	30,000.00
Cost Basis	30,038.50
Gain	-38.50
% Gain	-0.13%

## Step 2 - Process the Return of Capital

\$0.04 per share multiplied by 30000 = \$1200.

**Return of Capital**

Enter transaction:  Enter the return of capital (as from a managed fund or mortgage-backed security).

**Return of Capital:**

Transaction date:  Security name:

Account:  Amount:

Transfer account:  Market value:

Memo:  (if different from cost basis - optional)

Check the Cost Basis. It should be now \$30,038.50 less \$1,200.00 = \$28,838.50

Holdings	
Shares Held	30,000
Market Value	30,000.00
Cost Basis	28,838.50
Gain	1,161.50
% Gain	4.03%

### Step 3 - Sell the Shares.

The total value of this transaction will depend on whether you are entitled to claim a capital loss. If you are, then the total value will be the number of new shares multiplied by \$5.08. In this example  $2 \times \$5.08 = \$10.16$ .

**Edit Sell - Shares Sold**

Enter transaction:  Enter the sale of shares of a security (add the proceeds to my cash balance).

**Sell - Shares Sold:**

Transaction date:  Security name:

Account:   Sell all shares in this account

Number of shares:  Price received:  per share

Memo:  Commission:

Record proceeds?  To this account's cash balance  To:

GST on Commission:  Non-claimable:  Claimable:  Stamp Duty:

Total sale:  Currency exchange rate:  Exchange rate on 7/12/2009=1.00000  Set rate for this transaction

IMPORTANT - select Record Proceeds to this accounts cash balance.

If you are not able to claim a capital loss at this stage, then the Total Value is set at the cost basis of the current holding after the return of capital - \$28838.50. In the above example, I am claiming a capital loss.

#### Step 4 - Buy the PIH Shares

For clarity, I have skipped the BBIDA phase and have just assumed that there was a direct transition from BBI to PIH shares. (You could do this as BBIDA and then do a Corporate Name Change to PIH.)

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: 7/12/2009 Security name: PIH Prime Infrastructure Holdings

Account: Reckon Tools E\*Trade Number of shares: 2

Price paid: 5.08 per share

Commission: 0.00

GST on Commission: 0.00

Non-claimable: 0.00

Claimable: 0.00

Stamp Duty: 0.00

Total cost: 10.16

Currency exchange rate

Exchange rate on 7/12/2009=1.00000

Set rate for this transaction 1.00000

Use cash for this transaction

From this account's cash balance

From

Cancel Clear Enter/New Enter/Done

IMPORTANT - select "Use cash for this transaction > From this account's cash balance.

Lastly, check the Security Holding to ensure you have your 2 shares and your Bank Account to ensure you have the \$1200. And where did the other \$28,800 of your original investment go? A good question....

-- End --