

# Quicken - Recording Telstra T3 Instalment Receipts (TLSCA)

## Aim

My aim is show how Telstra T3 Instalment Receipts are recorded in Quicken.

## Versions

This paper was written using Quicken 2008.

## Background

The Telstra T3 consisted of an initial payment of \$2.00 per share, with shares allotted on 24<sup>th</sup> Nov 2006, followed by a final instalment payment of \$1.60 per share by 29<sup>th</sup> May 2008. On 10<sup>th</sup> June 2008, shareholders are issued with ordinary Telstra Shares (TLS). In addition, eligible shareholders who have held their instalment receipts since issue, are issued a bonus share for every 25 they hold.

## Example

Assume we are initially allocated 2500 shares, relevant transactions are:

- 24<sup>th</sup> Nov 06 Buy 2500 TLSCA @ \$2.00 = \$5000
- 10<sup>th</sup> Jun 08 Pay Final Instalment of \$1.60 per Share = \$4000
- 10<sup>th</sup> Jun 08 Conversion of TLSCA instalment receipts to TLS Shares.
- 10<sup>th</sup> Jun 08 Issue of Bonus Shares (2500/25 = 100 TLS Shares)

For simplicity, I am using the allocation date as the payment date.

## Initial Purchase

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: 24/11/2006 Security name: TLSCA - Telstra T3 Instalment Receipt

Account: E\*Trade Investments Number of shares: 2,500

Price paid: 2 per share

Memo: T3 Allocation of 2500 IRs @ \$2.00

Commission: 0.00

GST on Commission: 0.00

Non-claimable: 0.00

Claimable: 0.00

Stamp Duty: 0.00

Total cost: 5,000.00

Use cash for this transaction

From this account's cash balance

From E\*Trade ANZ Online Acct

## Payment of Final Instalment

The final instalment of \$1.60 per share is done as a Return of Capital using a negative value. This will increase the cost basis of the IRs to \$3.60.

**Edit Return of Capital**

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

**Return of Capital:**

Transaction date: 31/05/2008 Security name: LSCA - Telstra T3 Installment Receipts

Account: E\*Trade Investments Amount: -4,000.00

Transfer account: Trade ANZ Online Acct Market value: (if different from cost basis - optional)

Memo: TLSCA Final Instalment \$1.60 per share.

Note Negative Amount

Check your holdings in the security detail view and check that your holding are now valued at \$3.60 per share (2500 x \$3.60 = \$9,000)

Holdings	
Shares Held	2,500
Market Value	7,625.00
Cost Basis	9,000.00
Gain	-1,375.00
% Gain	-15.28%

## Conversion of Instalment Receipts to Ordinary Shares & Issue of Bonus Shares

These 2 steps can be done via a "Corporate Acquisition (Stock for Stock).

**Corporate Acquisition (stock for stock)**

Enter transaction: Corporate Acquisition (stock for stock) Enter updated information for a security you track that has been purchased by another corporation.

**Corporate Acquisition (stock for stock):**

Transaction date: 10/06/2008 Company acquired: TLSCA - Telstra T3 Installment Receipts

Acquiring company: TLS - Telstra Corp Ltd

New shares issued: 1.04 per held share

Memo: Convert TLSCA to TLS & Issue of Bonus Shares

Price per share for acquiring company: 3.461538 (after completion of acquisition)

There are a few things to note about the above transaction:

- If you don't already own Telstra Ordinary Shares (TLS), you will need to set them up first.
- The new shares issued value is 1.04 as the one bonus share in 25 equals 0.04.
- The price per share =  $\$3.60 / 1.04 = \$3.461538$ . This is consistent with ATO advice published here  
[www.ato.gov.au/individuals/content.asp?doc=/Content/00107114.htm&page=1&H1](http://www.ato.gov.au/individuals/content.asp?doc=/Content/00107114.htm&page=1&H1)
- If you are not eligible for the bonus shares, the above 2 figures will be 1 and 3.60.

Note that in the Transaction Register, the Corporate Acquisition (Stock for Stock) appears as 2 transactions: a removal of 2500 shares, then an addition of 2600 shares (includes 100 bonus shares) with the \$9000 ( $\$3.60 \times 2500$ ) as the cost base.

10/06/2008	RtrnCapX	TLSCA - Tels...		-4,000.00	Transfer	0.00
10/06/2008	Removed	TLSCA - Tels...	2,500 shares of TLSCA - Telstra T3 Installment Rec...			0.00
10/06/2008	Added	TLS - Telstra ...	2,600 shares of TLS - Telstra Corp Ltd @ AU\$3.461...	+9,000.00	+9,000.00	0.00

Also check that the Security Detail View for Telstra (TLS) is now showing the new quantity of shares including the bonus shares, and that the cost basis is still correct.

(Note: if you already hold TLS shares, you should check the number of shares held and the cost basis BEFORE you process this transaction.

Holdings	
Shares Held	2,600
Market Value	9,000.00
Cost Basis	9,000.00
Gain	0.00
% Gain	0.0%

### A Note About Dates

Quicken will treat the TLS shares as being acquired on 10<sup>th</sup> Jun 2008, whereas for tax purposes the correct date is the date you acquired the Instalment receipts. If you sell your TLS shares within the next 12 months, you should bring this to your Accountant's attention as the Capital Gains Tax treatment of Assets sold under 12 months is different to Assets sold after 12 months.

-- End --